



NATIONAL FOUNDATION FOR
CREDIT COUNSELING

*Knowing the difference can
make all the difference.*

NFCC PRESS RELEASE

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TWO ELEMENTS OF CARD ACT ACHIEVE INTENDED GOAL

Consumers Respond in Positive Manner to Information on Monthly Statements

Silver Spring, MD – The Credit Card Accountability Responsibility and Disclosure Act of 2009 (CARD Act), imposes a number of new disclosure requirements on credit card issuers that are designed to protect consumers. One requirement is that card issuers must now provide on each customer's billing statement a snapshot of how long it will take that customer to get out of debt if he or she only pays the minimum amount due on the existing debt each month.

Additionally, the Act requires issuers to list a toll-free number to a nonprofit credit counseling agency on the statement, providing consumers who are struggling with their finances access to assistance through legitimate credit counseling.

In its April online poll, the National Foundation for Credit Counseling (NFCC) asked consumers if having this knowledge has impacted how they view their financial situation, resulting in a behavior change.

“This disclosure aspect of the CARD Act appears to have had the intended result, in that 25 percent of more than 2,000 respondents said it inspired them to pay more each month, while 12 percent indicated that it prompted them to reach out for help to the credit counseling agency listed on their credit card statement,” said Gail Cunningham, spokesperson for the NFCC.

On one end of the spectrum, a majority of consumers reported they were already paying as much as they could toward debt reduction (55 percent). At the other extreme, respondents said that having a snapshot of their financial situation made no difference because they already currently pay their balance in full each month (seven percent).

When credit was easy to obtain, many American consumers became accustomed to a lifestyle their income could not support. Some overused credit, resulting in a debt load that was unsustainable, particularly in these turbulent economic times. Experiencing a job loss or reduced income only exacerbated the problem. But in their defense, many consumers had not been educated that making only the minimum monthly payment could result in decades of indebtedness. Due to the CARD Act legislation, this excuse is no longer valid.

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“The NFCC is dedicated to creating a financially literate culture, and applauds these financial education tools associated with the CARD Act,” continued Cunningham. “After seeing their financial situation in black and white, consumers who find themselves in financial difficulty can reach out to the legitimate credit counseling agency listed on their statement. Only credit counseling agencies that have been approved by the Executive Office of the United States Trustee, an arm of the Department of Justice, are allowed to be listed. Therefore, the consumer is assured of receiving solid financial direction.”

The actual survey question and results are below:

Credit card statements now provide a snapshot of how long it would take me to get out of debt if I only paid the minimum amount due each month. This information...

- A. Has inspired me to pay more each month = **25%**
- B. Makes no difference because I'm already paying as much as I can each month = **55%**
- C. Makes no difference because I already pay my balance in full each month = **7%**
- D. Made me call the credit counseling agency number listed on my statement = **12%**

Note: The NFCC's April FLOI was conducted via the homepage of the NFCC Web site from April 1-30, 2010 and answered by 2,003 individuals.

If your finances aren't picture-perfect, reach out to a trained and certified counselor associated with an NFCC Member Agency. To find the location closest to you, call toll-free to (800) 388-2227, or go online to www.DebtAdvice.org. For assistance in Spanish, dial (800) 682-9832 or visit www.Termineconsudeuda.org.

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The National Foundation for Credit Counseling (NFCC), founded in 1951, is the nation's largest and longest serving national nonprofit credit counseling organization. The NFCC's mission is to promote the national agenda for financially responsible behavior and build capacity for its Members to deliver the highest quality financial education and counseling services. NFCC Members annually help four million consumers through close to 830 community-based offices nationwide. For free and affordable confidential advice through a reputable NFCC Member, call (800) 388-2227, (en Español (800) 682-9832) or visit www.nfcc.org. Visit us on Facebook at <http://www.facebook.com/NFCCDebtAdvice> and on Twitter at <http://twitter.com/NFCCDebtAdvice>.