

» Cars » Auto Financing » Event Tickets » Jobs » Real Estate » Online Degrees » Business Opportunities » Shopping

Search  powered by Google How do I find it? [Subscribe to paper](#)

Advertisement: Reconnect with free weekends. Redeem at 860 Starwood Hotels. No limits. No blackouts. Register Now >

USA TODAY navigation: Home, News, Travel, Money, Sports, Life, Tech, Weather. Become a member of the USA TODAY community now! Log in | Become a member What's this?

Money » Personal Finance » Taxes » Retirement » Mortgage/CD Rates » Stock/Fund/ETF Screener » More Personal Finance

GET A QUOTE: Enter symbol(s) or Keywords GO DJIA 8,292.13 ▼ -129.91 NASDAQ 1,695.25 ▼ -32.59 as of 4:03 PM ET ©BigCharts

# Obama expected to sign credit card reform Friday

Updated 7h 36m ago | Comments 43 | Recommend 4 | E-mail | Save | Print | Reprints & Permissions | RSS

THE CREDIT TRAP
Part 4: Sliding economy raises questions about credit scores
Part 3: Credit cards' soaring rates bite consumers
Part 2: Why banks are boosting credit card interest rates and fees
Part 1: How rising home values, easy credit put your finances at risk
Bank credit card fees keep going up
Credit card firms pay some clients to close their accounts

By Kathy Chu, USA TODAY

In the most sweeping changes to the credit card industry in 40 years, President Obama is expected to sign a bill Friday to restrict practices that consumers say have pushed them deeper into debt.

The legislation — which includes restrictions on interest rate increases and credit offered to college students — deals a blow to the banking industry, which has lobbied aggressively against tighter regulation. At the same time, it provides less than a complete win for consumers because it doesn't cap interest rates or fees.

The legislation "is not going to be a hanging for banks, but I think Congress has collared them and are bringing them in," says Robert McKinley, founder of CardTrak.com, which consults with banks. "It's been the Wild West for the card industry for a long time."

The changes will affect most households in America. About 90 million households carry credit cards, with an average debt load of more than \$10,500, according to CardTrak.com. The curbs, which mostly take effect in nine months, deal with controversial

practices including:

•Interest rate increases. Issuers can generally raise rates on existing credit card debt only if consumers have paid their bill more than 60 days late.

FIND MORE STORIES IN: Barack Obama | Columbia Law School | American Bankers Association

•Penalty fees. Issuers can't charge an over-limit fee unless consumers have asked for this additional credit. Banks also can't impose late fees if they delayed crediting a payment.

•Marketing to college students. Banks can't extend credit cards to people under 21 without verifying their ability to pay or getting their parents' permission.

Amid the restrictions, banks could consider "prudent actions" to continue making card loans, says Ken Clayton of the American Bankers Association, including charging higher upfront fees or shortening the time to pay the bill before finance charges hit. Banks may also review, and pare back, costly credit card rewards programs, experts say.

Overall, the legislation's shortcoming is that it won't help consumers escape from the "sweat box" of credit card debt, says Ronald Mann, a professor at Columbia Law School, which he says is the "pattern of relatively low monthly payments that mean the balance never gets completely paid off."

Share this story:

Mixx it Yahoo! Buzz Digg Newsvine Reddit Facebook What's this?

Posted 11h 1m ago

Updated 7h 36m ago

E-mail | Save | Print | Reprints & Permissions | RSS

To report corrections and clarifications, contact Reader Editor Brent Jones. For publication consideration in the newspaper, send comments to letters@usatoday.com. Include name, phone number, city and state for verification. To view our corrections, go to corrections.usatoday.com.

Related Advertising Links What's This?

New York Man Makes \$10,000 A Month I got fired! I now earn more than my old boss. Find... masongetsgreen.com

New York Mom Lost 47 lbs With 1 rule I Cut Down 47 lbs of Stomach Fat In A Month By... www.RachelRayBlogger.com

What can we do to increase energy security? Click to learn more

USA TODAY Personal Finance E-mail Newsletters

- Sign up to get:
• Tips on managing money
• Latest financial news
• Jobs, economy, taxes and more



Sign Up Now

Guidelines: You share in the USA TODAY community, so please keep your comments smart and civil. Don't attack other readers personally, and keep your language decent. Use the "Report Abuse" button to make a difference. [Read more](#).

You must be logged in to leave a comment. [Log in](#) | [Register](#)

Post this comment to Facebook?

Comments: (43) Showing: Newest first New: Most recommended!



**Janet Lynn** (0 friends, [send message](#)) wrote: 3m ago

To me, the bigger issue is the government involvement. I hate that the government is regulating so many companies and businesses. This is only the beginning of what they are getting involved in that they have no business getting involved with. If they would concentrate on the education crisis maybe they could incorporate "common sense 101" in grade school. Then we wouldn't have people running up debt that they know at the time of purchase that they have no way of repaying. On the flip side; Shame on the greedy banks for their outrageous charges and shame on the consumers for letting them get away with it. WE should stand up to the loan institutions and shout that we aren't taking it anymore - we DO NOT need the government to do that for us.

[Recommend](#) | [Report Abuse](#)



**perceptions** (17 friends, [send message](#)) wrote: 32m ago

The new rules will force credit card companies to restrict credit to consumers that have questionable credit history.

Which means fewer Americans will have access to credit.....fyi

[Recommend](#) 1 | [Report Abuse](#)



**mrrubiks** (0 friends, [send message](#)) wrote: 39m ago

This is great and I applaud it. But one of the reasons the credit card companies are so ruthless with late fees and interest rates is because many people charge up their cards and then default, so they actually pay nothing and these companies are trying to recoup the loss. Basically the folks who pay, are really paying for everyone who defaults. Hopefully these new rules will force lending institutions to be more selective on who they lend to in the first place. Up to now, credit has been too easy to get. Now if we could just get the federal government to stop giving themselves so much credit when they obviously can't pay it back... :)

[Recommend](#) | [Report Abuse](#)



**zonkzilla** (0 friends, [send message](#)) wrote: 55m ago

"Those men people in Congress going after those nice credit card lenders and taking control of our lives."

LOL

How does anyone come up with a thought process like that?

[Recommend](#) | [Report Abuse](#)



**Biker Santa** (37 friends, [send message](#)) wrote: 1h 1m ago

What????

dashle

obiden

Deaware

sanuuary

companities

squezzing

foney

Obviously, smilnjackw never got past 5th grade spelling class; he stopped at 4th.

[Recommend](#) | [Report Abuse](#)



**Midwest Gal** (9 friends, [send message](#)) wrote: 1h 5m ago

Just another way for the Feds to regulae our lives. UGHHHHHHH



Recommend 1 | Report Abuse



**Carln** (10 friends, [send message](#)) wrote: 1h 35m ago

I heard the banks are going to include more charges for folks who pay off the entire debt every month. I fit in that category. The interesting thing is it will drive folks like me to use the card less (or not at all). I don't see how the new rules will attract new card members, so I think the net effect will be to reduce credit card business and maybe business in general.

Recommend 2 | Report Abuse



**Carln** (10 friends, [send message](#)) wrote: 1h 37m ago

**rcan7474** (1 friends, [send message](#)) wrote: 5m ago  
Your right , no credit card no rental equipment period. Anyway the other thing here is it is hurting small businesses, and this is not being discussed at all. the big fat cats get there bailout. Take Advanta or CITI, our just mauling small businesses on interest rates as high as 27 to 30%, and these folks can not survive like this. Do you here anything about this NO. and why, because this would really throw the economy for a loop. And many small business owners don't want to talk about it, because they feel if they do there portrayed as bad managers of business. However there problems are no different then the Big Corps. that get bailout money,as the little guy gets zero.

Post-dated check. Yes you can cancel the check, but you can also cancel a charge.

Recommend | Report Abuse

**More comments on this story:** [1](#) [2](#) [3](#) [4](#) [5](#) [Next](#) ▶

Sponsored Links

**Online Six Sigma Training**

Earn Six Sigma Master Certificate From Villanova U  
[www.VillanovaU.com](http://www.VillanovaU.com)

**New York Mom Lost 47 lbs With 1 rule**

I Cut Down 47 lbs of Stomach Fat In A Month By Obeying This 1 Old Rule  
[www.RachelRayBlogger.com](http://www.RachelRayBlogger.com)

**New York News: 'Mom Earns \$7k/Mo At Home!'**

Read The Story of How A New York Mom Turned \$1.97 Into \$7359.65  
[SarahsMoneyBlog.com](http://SarahsMoneyBlog.com)

Advertisement

**Newspaper Home Delivery - Subscribe Today**

[Home](#) • [News](#) • [Travel](#) • [Money](#) • [Sports](#) • [Life](#) • [Tech](#) • [Weather](#)

**About USATODAY.com:** [Site Map](#) | [FAQ](#) | [Contact Us](#) | [Jobs with Us](#) | [Terms of Service](#)  
[Privacy Policy/Your California Privacy Right](#) | [Advertise](#) | [Press Room](#) | [Media Lounge](#) | [Reprints and Permissions](#)

**News Your Way:** [Mobile News](#) | [Email News](#) | [IM Alerts](#) | [Add USATODAY.com RSS feeds](#) | [Podcasts](#) | [Widgets](#)

**Partners:** [USA WEEKEND](#) | [Sports Weekly](#) | [Education](#) | [Space.com](#)

Copyright 2009 USA TODAY, a division of Gannett Co. Inc.