



## NEWS RELEASE

**For Immediate Release**

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# NEW CREDIT CARD LAWS A SNAPSHOT OF CONSUMER INFORMATION

Boise, Idaho . . . Governor C.L. "Butch" Otter has declared April as "Financial Literacy Month." The Department of Finance will issue a "Tip of the Week" each week during the month. For a calendar of Financial Literacy Month events, visit the Department's website at <http://finance.idaho.gov>.

The Smart Consumer Tip this week offers Idaho consumers some basic information about their rights under the new Federal Credit Card Act of 2009. "Living on a budget that incorporates a strategy to pay down credit card debt is one of the most important steps a consumer can take toward attaining financial stability," Idaho Department of Finance Director Gavin Gee said.

The new federal laws are aimed at enhancing consumer protection and are being implemented over a period of several months. Consumers soon will be seeing a "new look" when they open their billing statements. The new disclosures will clearly demonstrate to consumers the high costs associated with making only the minimum payment each month on their credit card debt. The new law does not apply to business and corporate credit cards.

The new billing statements include requirements that, among other things, will:

- Limit fees such as those charged when consumers exceed their credit limits or pay bills online or by phone.
- Restrict issuing and marketing credit cards to young adults and on college campuses. Starting Feb. 22, anyone under 21 must get an adult to co-sign on the account if they want to open their own credit card accounts or show proof that they have an independent means to repay the card debt themselves.
- Ban a practice called [double-cycle billing](#), in which card issuers charge interest over two billing cycles rather than one.
- Prevent credit card issuers from allocating monthly payments in ways that maximize interest charges to consumers. A payment, which is *over the minimum payment due*, must be applied to the account with the higher interest rate.
- Limit upfront fees charged on subprime credit cards issued to people with [bad credit](#).
- Ban shifting due dates so that payments will be due on the same day every month.
- Require consumers to "opt-in" to over-limit protection while fees for exceeding a credit limit must be "reasonable."

Gift cards also are addressed by the new law. There now are limits on fees that can be charged on inactive or dormant gift cards. Also, conventional gift cards must be good for at least five years, not the typical 12 months.

To learn more about the new Credit Card Act of 2009, visit the Federal Reserve Board's "consumer information link" found on the Department of Finance's website at <http://finance.idaho.gov>.

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800 Park Blvd, Suite 200, Boise, ID 83712  
Mail Address: P.O. Box 83720, Boise ID 83720-0031  
Phone: (208) 332-8000 or Toll Free (in Idaho) (888)346-3378  
<http://finance.idaho.gov>