

*Administration of Barack H. Obama, 2009*

**Remarks on Signing the Credit Card Accountability, Responsibility, and Disclosure Act of 2009**

*May 22, 2009*

Hello, everybody. Please, have a seat—I'm sorry. It is a great pleasure to have all of you here at the White House on this gorgeous, sunny day. The sun is shining, the birds are singing; change is in the air. [*Laughter*]

This has been a historic week, a week in which we've cast aside some old divisions and put in place new reforms that will reduce our dependence on foreign oil, prevent fraud against homeowners, and save taxpayers money by preventing wasteful Government contracts, a week that marks significant progress in the difficult work of changing our policies and transforming our politics.

But the real test of change, ultimately, is whether it makes a difference in the lives of the American people. That's what matters to me. That's what matters to my administration. That's what matters to the extraordinary collection of Members of Congress that are standing with me here, but also who are in the audience. And we're here today because of a bill that will make a big difference, the Credit Card Accountability, Responsibility, and Disclosure Act.

I want to thank all the Members of Congress who were involved in this historic legislation, but I want to give a special shout-out to Chris Dodd, who has been a relentless fighter to get this done. Chris wouldn't give up until he got this legislation passed. He's spent an entire career fighting against special interests and fighting for ordinary people, and this is just the latest example.

I want to thank his partner in crime, Senator Richard Shelby; on the House side, Representatives Barney Frank, Carolyn Maloney, and Luis Gutierrez, for their outstanding work. And I want to also thank all the consumer advocates who are here today who fought long and hard for these kinds of reforms.

You know, most Americans use credit cards all the time. In the majority of cases, this is a convenience or a temporary, occasional crutch, a means to make life a little easier, to make the rare, large, or unexpected purchase that's paid off as quickly as possible.

We've also seen credit cards become for a minority of customers part of an uneasy, unstable dependence. Some end up in trouble because of reckless spending or wishful thinking. Some get in over their heads by not using their heads. And I want to be clear: We do not excuse or condone folks who've acted irresponsibly. We don't excuse irresponsibility.

But the reason this legislation is so important is because there are many others—many who have written me letters, or grabbed my arm along rope lines, or shared their stories while choking back tears—who have relied on credit cards not because they were avoiding responsibilities, but precisely because they wanted to meet their responsibilities and got trapped.

These are hard-working people whose hours were cut, or the factory closed, who turned to a credit card to get through a rough month, which turned into 2 or 3 or 6 months without a job. These are parents who found, to their surprise, that their health insurance didn't cover a child's

expensive procedure and had to pay the hospital bill, families who saw their mortgage payments jump and used the credit card more often to make up the difference.

These are borrowers who discovered that credit card debt is all too easily a one-way street: It's easy to get in, but almost impossible to get out. It's also, by the way, a lot of small-business owners who have helped to finance their dream through credit cards and suddenly, in this economic downturn, find themselves getting hammered.

Part of this is the broader economy, but part of it is the practices of credit card companies. Contracts are drafted not to inform, but to confuse. Mysterious fees appear on statements, payment deadlines shift, terms change, interest rates rise. And suddenly, a credit card becomes less of a lifeline and more of an anchor.

That's what happened to Janet Hard of Freeland, Michigan, who's here today. Where's Janet? Right here. Janet is a nurse. Her husband is a pipefitter. They've got two boys. Janet and her husband have tried to be responsible; she's made her payments on time. But despite this, Janet's interest rate was increased to 24 percent. And that 24 percent applied not just for new purchases, but retroactively to her entire balance. And so, despite making steady payments, totaling \$2,400 one year, her debt went down only by \$350 that year.

And Janet's family is not alone. Over the past decade, credit card debt has increased by 25 percent in our country. Nearly half of all Americans carry a balance on their cards. Those who do, carry an average balance of more than \$7,000. And as our economic situation worsened—and many defaulted on their debt as a result of a lost job, for example—a vicious cycle ensued. Borrowers couldn't pay their bills, and so lenders raised rates. As rates went up, more borrowers couldn't pay.

Millions of cardholders have seen their interest rates jump in just the past 6 months. One in five Americans carry a balance that has been charged interest rates above 20 percent—one in five.

Now, I also want to emphasize, these are costs that often hit responsible credit card users. Interest can be charged even if you pay your bill on time. Rates can be increased on outstanding balances even if you aren't late with a payment. And if you sit—if you start to pay down your balance, which is the right thing to do, a company can require you to pay down the debt with the lowest interest rate first, instead of the highest, which makes it much harder to ever get out of the red.

So we're here to put a change to all that. With this bill, we're putting in place some commonsense reforms designed to protect consumers like Janet. I want to be clear about this: Credit card companies provide a valuable service; we don't begrudge them turning a profit. We just want to make sure that they do so while upholding basic standards of fairness, transparency, and accountability. Just as we demand credit card users to act responsibly, we demand that credit card companies act responsibly too. And that's not too much to ask.

And that's why, because of this new law, statements will be required to tell credit card holders how long it will take to pay off a balance and what it will cost in interest if they only make the minimum monthly payments. We also put a stop to retroactive rate hikes that appear on a bill suddenly with no rhyme or reason.

Every card company will have to post its credit card agreements online, and we'll monitor those agreements to see if new protections are needed. Consumers will have more time to understand their statements as well. Companies will have to mail them 21 days before payment

is due, not 14. And this law ends the practice of shifting payment dates. This always used to bug me, when you'd get like—suddenly, it was due on the 19th when it had been the 31st.

Lastly, among many other provisions, there will be no more sudden charges—changes to terms and conditions. We require at least 45 days notice if the credit card company is going to change terms and conditions.

So we're not going to give people a free pass, and we expect consumers to live within their means and pay what they owe. But we also expect financial institutions to act with the same sense of responsibility that the American people aspire to in their own lives.

And this is a difficult time for our country, born in many ways of our collective failure to live up to our obligations to ourselves and to one another. And the fact is, it took a long time to dig ourselves into this economic hole; it's going to take some time to dig ourselves out.

But I'm heartened by what I'm seeing, by the willingness of old adversaries to seek out new partnerships, by the progress we've made these past months to address many of our toughest challenges. And I'm confident that as a Nation we will learn the lessons of our recent past and that we will elevate again those values at the heart of our success as a people: hard work over the easy buck, responsibility over recklessness, and, yes, moderation over extravagance.

This work has already begun, and now it continues. I thank the Members of Congress for putting their shoulder to the wheel in a bipartisan fashion and getting this piece of legislation done. Congratulations to all of you. The least I can do for you is to sign the thing. [*Laughter*]

*[At this point, the President signed the bill.]*

All right, everybody. Thank you. Have a great weekend.

NOTE: The President spoke at 3:08 p.m. in the Rose Garden at the White House. In his remarks, he referred to pipefitter William Hard of Freeland, MI. H.R. 627, approved May 22, was assigned Public Law No. 111–24.

*Categories:* Bill Signings and Vetoes : Credit Card Accountability, Responsibility, and Disclosure Act of 2009, remarks.

*Locations:* Washington, DC.

*Names:* Dodd, Christopher J.; Frank, Barney; Gutierrez, Luis V.; Hard, Janet; Hard, William; Maloney, Carolyn B.; Shelby, Richard C.

*Subjects:* Business and industry : Credit cards, regulations and consumer protections; Business and industry : Small and minority businesses; Congress : Bipartisanship; Defense, Department of : Defense contracts :: Contracting policies, reform; Economy, national : Recession, effects; Economy, national : Strengthening efforts; Energy : Foreign sources; Justice, Department of : Fraud protection and prosecution, expansion efforts; Legislation, enacted : Credit Card Accountability, Responsibility, and Disclosure Act of 2009.

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