

Statement of Senator Tim Johnson
Senate Committee on Banking, Housing and Urban Affairs
March 31, 2009

Thank you Mr. Chairman. I applaud your work on the credit card issue. I also share your concern that there are many abusive practices that are harming credit card consumers, and these practices must be stopped. That said, in December, the Federal Reserve finalized credit card rules that make some of the most substantial improvements to protect consumers from credit card abuses in decades. These new rules will force the industry to change how it does business, which I believe is a good thing for consumers. I think it is a mistake to change course through this legislation and not continue the implementation of the new rules.

I cannot vote for this bill today for the reason above and other reasons. I am also concerned that this legislation goes too far in prohibiting lenders from adjusting prices to account for increased risk. I am concerned that this legislation will harm the credit card consumers, not help. At a time when Americans are already seeing their credit card interest rates rise and their credit limits decrease, this legislation could mean that even fewer consumers get credit and lines of credit are greatly reduced. Consumers are already struggling and our economy needs liquid markets, I will not vote for legislation that could worsen, not improve, that situation.

I want to commit to you, Mr. Chairman, that I will work hard to see if we can find ways to improve this legislation and address my concerns as this bill moves to the Senate floor.

Thank you.