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CREDIT ADVISORS FOUNDATION

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CITIBANK CANS UNFAIR PRACTICES FOLLOWING SENATE INVESTIGATION

Credit cards have a long history of aggressive consumer practices. But on February 28, Citibank, the nation's second largest credit card issuer, announced they will end two of their most consumer unfriendly practices, universal default and their "any time any reason" policy which basically allowed them to increase interest rates on a whim.

Universal default, the practice of raising a cardholder's interest rate for late payments made on *any* credit card the customer owns, even if it isn't the original company's card, is a practice employed by many credit card issuers in order to increase revenue. Many major credit card companies currently practice universal default. Citibank now will only raise rates for late payments on Citibank cards.

By no coincidence, these changes were on the heels of Senate Banking Committee hearings in January on unfair credit card industry practices but before the Senate permanent subcommittee on investigations holds their own investigational hearing this week. During the Banking Committee's hearing, members of the senate wanted to make sure credit card companies understood that if any of their practices were even slightly immoral they needed to stop, now.

"Many consumers did not even know these kind of tactics were being used by credit card companies," said Lisa Cameron, Director of Education for Credit Advisors Foundation a national non-profit counseling organization. "These are good first steps and we applaud Citibank for being the first to step forward, but the real issue is about clear disclosures by the credit card industry to consumers regarding their practices."

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Credit Advisors Foundation is a national, non-profit credit and housing counseling organization. The organization provides financial education to the community via publications, speakers, and counseling. For more information visit creditadvisors.org