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May 12, 2009

The Honorable Harry Reid
Majority Leader
United States Senate
Washington, DC 20510

The Honorable Mitch McConnell
Minority Leader
United States Senate
Washington, DC 20510

Dear Senator Reid and Senator McConnell:

I am writing you on behalf of the American Bankers Association (ABA) with respect to our position on H.R. 627, the Credit Cardholders' Bill of Rights Act of 2009, currently being considered on the Senate floor.

ABA recognizes that the Senate bill contains a number of important consumer protections embodied in recent regulatory action, and acknowledges that change is forthcoming in the way the credit card industry and its customers interact. However, we strongly believe that any legislation in this area needs to achieve the correct balance of consumer protections and market flexibility so as to not jeopardize access to credit.

ABA remains very concerned about the contents of H.R. 627 (as amended), and believes that if it is enacted as it currently stands, it will have a dramatic impact on the ability of consumers, small businesses, students, and others to get credit at a time when our economy can least afford such constraints.

The bill contains various provisions that limit a lender's ability to manage risk, price fees, allocate payments, and otherwise prudently conduct business. We believe these limits will necessitate reductions in available credit given current economic conditions, while increasing the price of credit where it remains available. We are likewise concerned that amendments could be adopted on the Senate floor (such as interest rate caps, interchange, and bankruptcy provisions) that could seriously exacerbate these problems, with serious ramifications for consumers and the economy above and beyond those already in the bill.

For the above reasons, we oppose H.R. 627 as it is currently constituted, and urge opposition to amendments that will further harm our ability to meet the credit needs of consumers and others. We ask that these concerns be addressed before this legislation is delivered to the President for his signature.

Thank you for considering our views.

Sincerely,

A handwritten signature in black ink that reads 'Floyd E. Stoner'.

Floyd E. Stoner

Cc: Members of the U.S. Senate