

# ABCs of Credit Card Finance

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# ABC'S OF CREDIT CARD FINANCE

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- By the Center for Student Credit Card Education Inc. (CSCCE)
  - [www.theabcsofcredit.com](http://www.theabcsofcredit.com)
    - Student primer
    - Trainer's guide for the teacher
    - PowerPoint presentation
  - Content revised each year
  - Can be presented in about an hour

# LESSONS LEARNED

- Interest rates
- The importance of paying bills on time
- Late fees
- Over-credit-limit fees
- Penalty rates
- Promotional offers
- Responsible credit card behaviors
- The consequences of paying late, going over a credit limit or bouncing a check



# INTERACTIVE ONLINE FORMAT

- [www.theabcsofcredit.com](http://www.theabcsofcredit.com)
- Interactive format
- Combines animations, reading and quizzes
- Students use independently
- 25-question final exam
- Instructor can get scores by e-mail



# CREDIT CARD ROLES HAVE CHANGED

- The Credit Card Accountability, Responsibility and Disclosure Act of 2009
- Meant to ban abusive credit practices and protect consumers
- Signed by Obama 5/22/09
- Most provisions took effect February 2010
- Federal Reserve writing regulations



# CARD ACT

- A few things the CARD Act does:
- Restricts raising rates on existing balances
- Changes over-limit fees
- Bans some late fees
- Restricts cards to those under 21 in some cases
- Prohibits universal default
- Ends double-cycle billing
- Changes the interest calculation



# LEARNING TO HAVE A BETTER FUTURE

Literacy



Planning



Wealth



# U.S. CREDIT CARD DEBT

- Revolving credit totaled \$939.6 billion in March 2009
- 6.5% of credit card debt was at least 30 days past due in the first quarter 2009
- Average credit card debt per borrower = \$5,710
- Americans pay \$15 billion in penalty fees per year



# STUDENT CREDIT CARD DEBT

- Average student credit card balance = \$3,173
- 84% of undergraduates had at least one credit card
- Average number of cards = 4.6
- 84% of undergraduates indicated they needed more education on financial management topics



# HOW STUDENTS SEE IT

- 31% of college students do not worry about debt
- 25%+ think it's reasonable to run up debt to splurge on a special celebration or to use a credit card to "raise cash"
- 92% agree that bad debt will have a significant impact on the ability to get a card in the future



# HELP YOUR STUDENTS AVOID MISTAKES

- Nearly one-third of college students admit they were “not at all” or “not very well” prepared to manage money on their own in college
- Only 1 in 5 was “very well prepared”
- 75% admit to having made mistakes with their money
- One of the three biggest mistakes was putting too many purchases on a credit card (16%)



# THANK YOU!

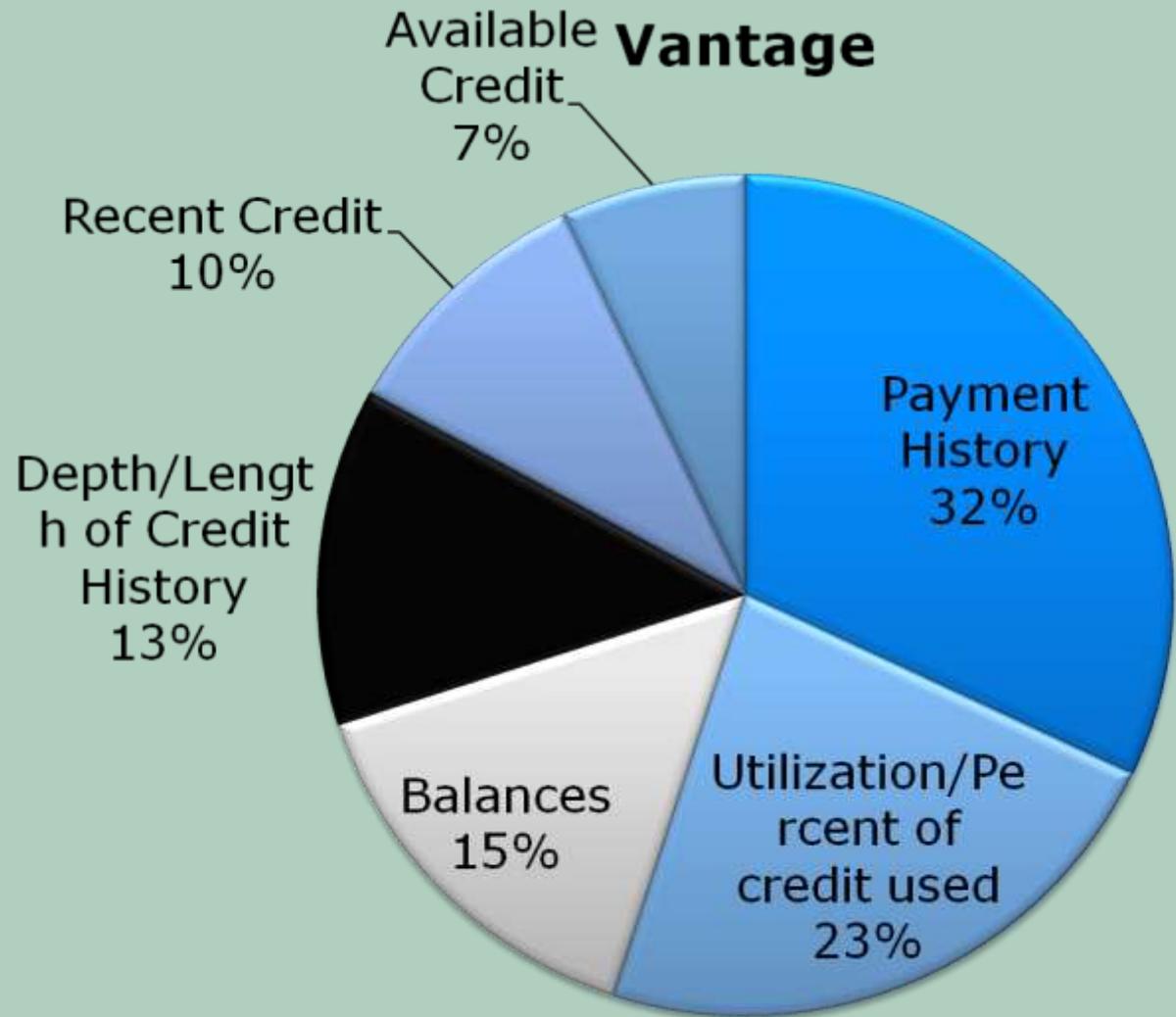
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- Information on DFI speaker programs:
- [www.kfi.ky.gov/public/teacher.htm](http://www.kfi.ky.gov/public/teacher.htm)



# CREDIT SCORES - VANTAGE

Range 501-990

Experian



# CREDIT SCORES - FICO

Range 300-800

TransUnion and Equifax

## Types of **FICO**

