



Characteristics of Fair Campus Credit Cards

U.S. PIRG
Education Fund


Truthaboutcredit.org

April 2008

Characteristics of Fair Campus Credit Cards

A White Paper and Companion to The Campus Credit Card Trap (March 2008) The U.S. Public Interest Research Group Education Fund April 2008

By Edmund Mierzwinski, Consumer Program Director, with Christine Lindstrom, Higher Education Project Director and the staff and students of the Student PIRGs

Some Rights Reserved: U.S. PIRG Education Fund issues this report under a Creative Commons “some rights reserved” license. You are free to copy, distribute or display the work for non-commercial purposes, with attribution. For more information about this Creative Commons license, visit  <http://creativecommons.org/licenses/by-nc-nd/2.5/>

U.S. PIRG Education Fund gratefully acknowledges the support of the Ford Foundation (fordfound.org) for our campus credit card project. For more details, see the project website at truthaboutcredit.org. However, the findings and views expressed in this report and on the website are solely those of the authors, U.S. PIRG Education Fund and the Student PIRGs.

U.S. PIRG: U.S. PIRG, the federation of state Public Interest Research Groups (PIRGs), takes on powerful interests on behalf of the American public, working to win concrete results for our health and our well-being. The state PIRGs are a nationwide network of nonprofit, nonpartisan, state-based public interest advocacy organizations. The state PIRGs’ mission is to deliver persistent, result-oriented activism that protects public health, encourages a fair marketplace for consumers, and fosters responsive, democratic government. U.S. PIRG Education Fund serves as U.S. PIRG’s research and education affiliate.

The Student PIRGs: The Student PIRGs—located on nearly 100 campuses—trains the next generation of leaders through giving students the opportunity to get involved on the issues that affect their lives. The Student PIRGs are independent state-based student organizations that work to solve public interest problems related to the environment, consumer protection, and government reform. Read more about the Student PIRGs at www.studentpirgs.org.

For a copy of this report, visit our website or send a check for \$30 made payable to U.S. PIRG Education Fund at the following address:

U.S. PIRG Education Fund

218 D St, SE

Washington, DC 20003

202-546-9707

www.uspirg.org or www.truthaboutcredit.org

Executive Summary

In March, the U.S. PIRG Education Fund released **The Campus Credit Card Trap**,¹ reporting the findings of a major survey of student attitudes toward the marketing of credit cards on college campuses. It analyzed how students pay for their education, how many use and how they use their credit cards and, finally, their attitudes toward credit card marketing on campus and whether or not they support principles to rein in credit card marketing on campus. That report documented that while many young consumers manage their credit cards well, others do not. The report found that many students face difficulty paying their credit card bills, and that a significant number have paid late or over-the-limit fees or even had a delinquent card closed by the lender. The study also detailed a

number of investigations by state Attorneys General² and newspapers³ into credit card practices on campus.

Young people, including traditionally-aged college students, have certain financial characteristics that make them different from other adult targets of the credit card industry. This follow-up paper outlines the recommended characteristics (terms and conditions) that credit cards marketed to college students should have to be considered “fair” to college students and other young people. Such fair cards should also be marketed subject to all of the PIRG marketing principles and be accompanied by independent financial education and literacy programs.

Why A Fair Campus Credit Card?

The findings of The Campus Credit Card Trap report confirmed that students are using credit cards in significant numbers and that a significant number are paying the price through late fees, high balances and delinquencies. The findings also show that banks are marketing aggressively to students through a variety of channels. Finally, the findings demonstrate that an overwhelming majority of students support limits on credit card marketing on campus to rein in unfair bank practices.

The report also explained that despite the profitability of credit card operations, compared to other kinds of banking, banks insist on ratcheting those profits up even higher.⁴ Banks seeking even greater profits from credit cards have three options.

- **First**, they can use tricks and traps to raise profits on existing customers.⁵
- **Second**, they can market to customers of other credit card companies. But this marketing is expensive both because of the

cost of the zero-interest offers and the cost of sending out the billions of solicitations;

- **Third**, and most importantly, banks have a strategy to seek out customers who have never had a card. College students are among the most prominent targets for this marketing.⁶ They are young and understand that they need credit to get ahead in the world. Some need credit because of the rising cost of a college education. Finally, most of them are clumped together on campuses that they either commute to or live at. This makes them easy to target.

Credit card companies use a variety of techniques to target students, from buying lists from schools and entering into exclusive marketing arrangements with schools to marketing directly to students through the mail, over the phone, on bulletin boards and through aggressive on-campus and “near-campus” tabling—facilitated by “free gifts” that come with strings attached.

College Students Have Distinct Financial Characteristics Compared to Other Populations

In addition to never having had a credit card, college students and young people have certain financial characteristics that make them different from and more vulnerable than other adult targets of the credit card industry.

Students face rising educational costs on campus. As states have cut public college budgets, tuition has risen on campus, leaving students with harsh financial choices to pay for college. Additionally, textbooks costs rise each year, outpacing inflation. And finally, transportation costs have risen dramatically in the last year. As a result, students rely on their credit cards to pay for these educational necessities. Our survey found that 55% percent have paid for textbooks on their credit cards, and 24% percent have paid for tuition on their credit cards.

Many students have irregular sources of income, or a very low income stream, making their ability to repay a card more difficult and their risk of default high. Yet, under current practices, banks may offer cards to young consumers without underwriting, that is not verifying income or credit reports or other ability to re-pay, instead relying solely or largely on the consumer's status as a student to qualify them.⁷ Any other consumer without a positive credit score or proof of ability to re-pay would need a co-signer, or be offered only a predatory or "fee-harvester"⁸ card. Currently the cards marketed on campus do not fall into this "fee harvester" category, which is a net positive. However, it continues to be the case that a student's income is not taken into account upon his or her application for credit.

In addition, very few consumers beyond the campus environment understand credit card

contracts, based on the recent testimony before Congress of law professors who say that they themselves do not. Very few consumers may understand the concept of open-ended credit or the impact of minimum payments. Therefore, young consumers on campus are at even more of a disadvantage due to their lack of experience as they try to navigate their way through the tricks and traps written into credit card contracts.

They may be obtaining their first credit card so they have no history to compare its terms and conditions to. Many, for the first time, may be away from home without their parents close by to discuss options. They may have never paid a late fee and have no idea of the severe ramifications of paying late or defaulting. For that matter, as many consumers do not, consumers on campus may not even understand the meaning of the financial term "default rate" – and simply presume it means "standard rate,"⁹ just as the default setting on a computer is the basic or standard setting.

As a result, new consumers on campus are particularly vulnerable to the detrimental impacts of credit card debt. While the percentage of students who default on a card may be small, the impact on students who default or face high credit debt while still in school may be profound. Defaulting on a campus card makes it harder (due to a diminished credit score) to get a fresh financial start after college. Paying off high-cost credit card debt may cause some students to drop out of school, or go part-time, so they can obtain jobs to pay the burden. A heightened work load can degrade a student's academic performance.

There are also emotional consequences that could affect a student's ability to do well in school. In her recent paper, "Maxed Out College Students: A Call to Limit Credit Card Solicitations on College Campuses,"¹⁰ law professor Creola Johnson makes the following points:

The inability to pay off credit card debt can also take an emotional toll on students. Stress and depression are the most obvious emotional consequences of high or unmanageable debt... Once students recognize their credit card indebtedness, they respond in a number of non-mutually exclusive ways, from obtaining employment and seeking financial assistance from parents, to more drastic measures, including criminal behavior and even suicide.¹¹

Johnson also notes that "one university official reported losing [e.g., dropping out] more students to credit card debt than to academic failure."¹² She also argues strongly that "university officials have a responsibility to protect their students from aggressive marketing that may exploit the vulnerability of young students."¹³

Finally, the vast majority of recent college graduates carry excessive student loan debt. Rising student loan debt is a well-documented problem that excessive credit card debt can exacerbate. Many recent graduates can't get ahead of their educational debts.¹⁴ One recent study has also pointed out that the high cost of education and excessive levels of debt causes students to choose well-paying jobs over public service careers, such as teaching.¹⁵

College Students Need a Fair Campus Credit Card

In response to our findings, and those of other reports, the states, Congress and individual universities are considering or enacting limits on unfair credit card practices generally¹⁶ and campus credit card marketing specifically.¹⁷ Some states and individual campuses have restricted or regulated on-campus marketing by credit card marketers.¹⁸ However, the most straightforward approach to ensuring that students can get access to credit while not being taken advantage of it to promote a credit card product on campus that is fair and easy to understand. We simply call that the fair campus credit card, or the "fair card."

PIRG recommends that colleges use their significant authority to insist on the following:

- That only fair cards be marketed to students on campus, through any marketing channel, including tabling (if allowed);

- That any university-branded exclusive affinity card offered to students be a fair card.
- In addition, schools should adopt the full set of **PIRG Campus Credit Card Marketing Principles**, included at the end of this paper. Regardless of the marketing channel used – on-campus tabling, exclusive affinity card arrangements or old-fashioned direct mail or phone calls – credit cards marketed to college students should also be marketed subject to the U.S. PIRG Education Fund's campus marketing principles.

Young consumers deserve protection from unfair practices and their risk of default should be limited.

Most Common Unfair Tricks and Traps That Should Not Be Allowed In A Fair Campus Credit Card

The following tricks-and-traps should be banned for fair campus credit cards:

Unfair Terms and Conditions:

- Using the clause “Any term can be changed at any time for any reason, including no reason” in credit card contracts, as allowed by Delaware and other safe harbor state laws, making the concept of contract meaningless;

Unfair Interest Rates:

- Increasingly, companies use unfair penalty interest rates ranging as high as 30-35% APR or more, including, under the widespread practice of “universal default,” (also known as “risk-based re-pricing”) imposing such rates on consumers who allegedly miss even one payment to any other creditor, or have their credit score decline for any reason, despite a perfect payment history to that credit card company and also impose these rates on top of late payment penalties (for conduct related to that card itself);
- Companies impose those punitive penalty interest rates retroactively, that is on prior balances, further exacerbating the worsening levels of high-cost credit card debt and making supposedly risky customers even more risky, by making it harder for them to pay;
- Companies now impose multiple APRs – one for balance transfers, one for purchases and one for cash advances, for example – but apply monthly payments first to the balance with the lowest APR, ensuring that it will take the longest to pay off the card;
- Card companies take advantage of Truth In Lending Act loopholes that allow a variety of unfair methods of balance

calculation (the so-called two-cycle and the “residual” (or “trailing”) interest methods) that allow companies to reach back into previous cycles to collect interest on balances already paid off;

Unfair Late Fees And Over-The-Limit Fees:

- Imposing higher late payment fees, which are often levied in dubious circumstances, even when consumers mail payments 10-14 days in advance;
- Card companies use a variety of mail trickery, such as changing the due dates of monthly bills, making the due date a Sunday but not posting on the weekend; shortening the period between when a bill is mailed out and when that bill is due, etc.;
- Companies have eliminated any sort of courtesy grace period, where a bill due on the 31st would be considered timely if received on the 1st or 2nd, for example;
- Companies have imposed “pay-to-pay fees,” so that a consumer seeking to avoid a late fee by making an Internet or phone payment pays a fee anyway.
- Companies allow an over-the-limit transaction, then impose punitive over-the-limit fees and repeat the fee monthly until the card is brought below the old limit that it allowed the customer to exceed.

Unfair Limits On Legal Rights:

- Companies impose unfair, pre-dispute mandatory arbitration¹⁹ as a term in credit card contracts to prevent consumers from exercising their full rights in court; and the concomitant growing use of these arbitration clauses in unfair debt collection schemes.

Unfair Marketing Practices:

- Using aggressive and deceptive marketing including not only teaser rate mail solicitations but, increasingly, deceptive “free gift” offers at on-campus and near-campus tables to pitch cards to college students with neither a credit history nor an ability to repay;
- Despite their demonstrable lack of underwriting qualifications, companies then offer those college students cards with unreasonably high credit limits, then ratchet up those limits until the student is trapped in credit card debt with no ability to re-pay.

Recommended Characteristics of a Fair Campus Credit Card

The last of the six PIRG Campus Credit Card Marketing Principles directly states the following:

Credit card contractual terms and conditions that take advantage of students as consumers shall be discouraged.

Colleges and universities should discourage specific credit card terms that take advantage of the consumer. Such practices include universal default - where a company will increase a consumer’s interest rate based on her payment record on another account not associated with the card; hidden fees - where a company does not disclose certain fees for paying by phone or ordering a copy of a bill; mandatory arbitration - where the consumer gives up the right to legal action against the company; changing contracts - where the company reserves the right to change all terms on the credit card at any time for any reason; and penalty interest rates above 20% that stay in place indefinitely.

Fair campus credit cards should have fair interest and fee terms and conditions. Among these are the following:

Fair Terms and Conditions

1. All card contracts shall last at least one year without adverse changes to terms, conditions or interest rates. Fixed rates shall remain fixed. Variable rates may change as is typical, if based on true external and commonly used indices and not changed more than once each quarter.
2. No card shall include a “we can change the terms for any reason, including no reason” clause. (These clauses, now in common use, wrongly negate the effect of (1) above.)
3. No card shall include a so-called “universal default” or “risk-based re-pricing” clause allowing an increase from a fair to a punitive interest rate for negative activity not related to that card. For negative activity related to that card, the bank’s recourse shall be limited to reasonable late fees and contract termination, provided these tactics are preceded by early intervention techniques designed to mitigate the potential negative activity before it occurs.

Fair Interest Rates:

4. Fair cards have one interest rate. It should not be punitive or above-market. In addition to the ban on universal default, interest rates should not be at amounts substantially higher or different from those described in the Federal Reserve Board’s Schedule G-19 for open-end credit. For accounts assessed interest, for the latest month available, February 2008,²⁰ that APR is 13.71%.

Fair Credit Limits With No Over The Limit Transactions:

5. Typically, credit card companies underwrite based on income and credit reports. Yet, many students have neither a measurable, repeatable income nor any previous credit accounts resulting in a credit report. So, fair campus credit cards should have strict credit limits. Students shall be eligible only for the credit that they deserve. Unless a student can demonstrate reliable income from other sources, no undergraduate student between the ages of 18-21 shall be offered a card with a limit greater than \$500. Since other creditors may be granting additional cards to young consumers, this limit on each card will temper the student's potential exposure. After a year or more with a positive track record with a card, limits may be increased to \$1000. The alternative, for students who seek higher limits, would be to obtain a co-signer.

6. No over-the-limit transactions should be allowed. The fair campus credit card is a learning experience. A transaction sending a consumer over-the-limit should be denied with no fee imposed. Yet, credit card companies should use early intervention techniques to warn a student that he or she is approaching their limit before it happens.

Fair Late Fees And Early Intervention:

7. Reasonable late fees only: For the low balances allowed on fair campus credit cards, late fees shall be limited to \$10.00.

8. Early intervention: Card companies have a responsibility to treat their new customers fairly and encourage them to act responsibly. Card companies should develop and use appropriate early intervention techniques, from sending text message "balance alerts" to using automated phone calls and emails, designed to keep students apprised of balances and intended to cure potential late fees or defaults before they occur. Further, companies should offer default-curing workout programs

designed to get student customers back on track before delinquencies become permanent. Companies marketing fair campus credit cards should agree to only use charge-offs to profit and loss as a last resort.

Fair Legal Rights:

9. All cards shall grant consumers fair rights, without limiting their legal rights against unfair contract practices. In particular, no card shall impose pre-dispute mandatory arbitration as a condition. Consumers shall have the option of accepting arbitration or similar alternative dispute resolution only after a dispute has arisen, but shall otherwise retain all their legal rights.

Fair Credit Card Education and Financial Literacy:

10. Fair card purveyors should include provision of a print and web-based financial literacy educational program reviewed and approved by independent authorities.

Campuses Should Adopt All of PIRG's Fair Campus Credit Card Marketing Principles

The previous report, *The Campus Credit Card Trap*, described 6 campus credit card marketing principles. This paper outlines the characteristics of a fair card as embodied in principle 6 below.

1. Prohibit use of gifts in marketing on campus. Credit card banks, issuers, and vendors shall be prohibited from offering anything of value, including food, clothing, sports equipment, travel vouchers, coupons, or equivalents, for purposes of soliciting an application for a credit card on campus. In addition, credit card banks, issuers and vendors are prohibited from offering financial support or other goods and services to any campus employee or campus department in exchange for marketing privileges.

2. Control passive marketing techniques. Posters and flyers shall comply with college posting regulations. Credit card banks, issuers and vendors shall be prohibited from leaving their marketing materials posted or displayed for longer than the posting regulations that govern the campus.

3. Block acquisition of student lists. Purchase (or sharing as a condition of exclusive marketing arrangements) of student lists shall be prohibited on campus. Credit card banks, issuers and vendors are prohibited from purchasing or otherwise acquiring lists of students of any kind currently enrolled at the campus. If state law on public records is subject to interpretation on whether detailed student information is a public record, schools should interpret it in favor of privacy. If state law makes student lists public records subject to full disclosure, then policymakers should consider changes. The purpose of open government laws is so that citizens can evaluate the effectiveness of their government,

not so that students can be targeted by credit card companies. At a minimum, as an interim step, universities should only sell lists after students have opted-in to agree to have their names shared.

4. Stop group sponsorship. Student group or departmental sponsorship shall be prohibited. Credit card banks, issuers and vendors are prohibited from negotiating deals with student groups and other campus departments such that the student group or department will receive financial support or any other goods and services for applications collected on behalf of a credit card company.

5. Increase financial education. Financial education shall be enhanced on campus. Colleges and universities shall increase resources to support training and educational programs that increase students' consumer awareness and ability to navigate issues of student debt responsibly.

6. Credit card contractual terms and conditions that take advantage of students as consumers shall be discouraged. Colleges and universities should discourage specific credit card terms that take advantage of the consumer. Such practices include universal default – where a company will increase a consumer's interest rate based on her payment record on another account not associated with the card; hidden fees – where a company does not disclose certain fees for paying by phone or ordering a copy of a bill; mandatory arbitration – where the consumer gives up the right to legal action against the company; changing contracts – where the company reserves the right to change all terms on the credit card at any time for any reason; and penalty interest rates above 20% that stay in place indefinitely.

Conclusion

This paper, **Characteristics of a Fair Campus Credit Card**, is a companion to **The Campus Credit Card Trap** (March 2008) and is part of an ongoing PIRG project to make campus credit marketing fair. The project is outlined at Truthaboutcredit.org. If colleges insist that credit card companies only market cards that are based on the fair campus

credit card guidelines, students will be better off. Ideally, card companies will then extend the principles of fairness to their entire credit card portfolios. The U.S. PIRG Education Fund intends to continue to work with colleges and universities and credit card companies to make credit card practices fair.

Endnotes

¹ Edmund Mierzwinski with Christine Lindstrom, *The Campus Credit Card Trap: A Survey of College Students and Credit Card Marketing*, U.S. PIRG Education Fund, 27 March 2008, available at <http://www.truthaboutcredit.org/campus-credit-card-trap>, last visited 20 April 2008.

² *Inquiry Into Bank Practices.* By Jonathan Glater, the New York Times, 1 March 2008, explains New York Attorney General Andrew Cuomo's nationwide inquiry into exclusive credit card marketing arrangements on college campuses. In March 2008, Ohio Attorney General Marc Dann settled a lawsuit with Potbelly Sandwich Works for offering "free" sandwiches, conditioned on completing Citibank credit card applications at shops near campus. Citibank remains a defendant. News release, 10 March, 2008, "Attorney General Announces Agreement with Potbelly," Office of Ohio Attorney General Marc Dann.

³ The PIRG Campus Credit Card Trap analyzes the results of a Des Moines Register investigative report highlighting relationships between Iowa's major public universities and Bank of America. See "U of I, UNI refuse Regents' request on credit cards," Clark Kaufmann, the Des Moines Register, 7 October 2007, available at <http://www.desmoinesregister.com/apps/pbcs.dll/article?AID=/20071007/NEWS10/710070332> (last visited 18 March 2008), also see sidebar).

⁴ "Although profitability for the large credit card banks has risen and fallen over the years, credit card earnings have been consistently higher than returns on all commercial bank activities." See "Report to the Congress on the Profitability of Credit Card Operations of Depository Institutions," July 2007, Federal Reserve Board of Governors. The 2007 and previous reports are available at http://www.federalreserve.gov/pubs/reports_other.htm (last visited 20 April 2008).

⁵ For discussion of these tricks and traps, see testimony of this report's author, Ed Mierzwinski (and also that of several other consumer advocate witnesses, including U.S. Senator Carl Levin (MI), Travis Plunkett of the Consumer Federation of America, Linda Sherry of Consumer Action, and several consumer-victims at a hearing of the Subcommittee on Financial Institutions and Consumer Credit of the U.S. House Financial Services Committee. (17 April 2008), available at http://www.house.gov/apps/list/hearing/financialsvcs_dem/hr041708.shtml (last visited 20 April 2008).

⁶ Another key target is certain immigrant populations who are good credit risks but have previously obtained their credit needs without credit cards. See, e.g., the report "Latino Credit Card Use: Debt Trap or Ticket to Prosperity," February 2007, Beatriz Ibarra, National Council of La Raza, available at <http://www.nclr.org/content/publications/detail/44287/> (last visited 18 March 2008). Banks can also seek customers from populations who've previously had a credit card and lost it through default. There is a growing business of sub-prime, high fee credit cards. As one banker has noted, these consumers already "have a taste for credit."

⁷ Although the author has no citations for this thesis, he has been a participant at one "summit" between bankers, consumer groups and members of Congress, and an observer at a recent hearing, where senior officials of Citi and Chase made statements to the effect that merely being "in college" was a significant plus factor in their internal decision-making algorithm for granting card applications.

⁸ "Fee-Harvesters: Low-Credit, High-Cost Cards Bleed Consumers," National Consumer Law Center report, November 2007, available at http://www.consumerlaw.org/issues/credit_cards/content/FEE-HarvesterFinal.pdf (last visited 20 April 2008).

⁹ In her verbal responses to questions, Federal Reserve Board Director of Consumer and Community Affairs Sandra Braunstein indicated that this meaning of “default” (standard) was a “surprising” result of recent Fed consumer surveys and focus groups on credit card terms. Transcript not available. Personal observation of fellow witness and report author at a hearing of the Subcommittee on Financial Institutions and Consumer Credit of the U.S. House Financial Services Committee. (17 April 2008), available at http://www.house.gov/apps/list/hearing/financialsvcs_dem/hr041708.shtml (last visited 20 April 2008).

¹⁰ See Creola Johnson, “Maxed Out College Students: A Call to Limit Credit Card Solicitations on College Campuses,” *New York University Journal of Legislation and Public Policy*, Vol. 8, p. 191, 2005. The paper is also available for download at http://papers.ssrn.com/sol3/papers.cfm?abstract_id=925234 (last visited 20 April 2008).

¹¹ Johnson (see Footnote 7 above) cites this summary in her footnote 82: “See James A. Roberts & Eli Jones, *Money Attitudes, Credit Card Use, and Compulsive Buying among American College Students*, 35 *J. CONSUMER AFF.* 213, 232 (2001) (noting other studies have found that, in addition to unusual act of committing suicide, “[s]tudents with high consumer debt earn poorer grades, drop out of school, suffer from depression, file for bankruptcy, and work more hours to pay their bills”).”

¹² Johnson (2005), page 213.

¹³ Johnson (2005), page 196.

¹⁴ See “Strapped: Why America’s 20 and 30 Somethings Can’t Get Ahead,” Tamara Draut, Random House, January 2007. Draut is director of the Demos (note *supra*) Economic Opportunity Program. Available at <http://www.strappedthebook.com/> (last visited 20 April 2008).

¹⁵ See “Paying Back, Not Giving Back: Student Debt’s Negative Impact on Public Service Career Opportunities,” 1 April 2006, U.S. PIRG Higher Education Project, available at <http://www.uspirg.org/home/reports/report-archives/affordable-higher-education/affordable-higher-education-reports/paying-back-not-giving-back--student-debts-negative-impact-on-public-service-career-opportunities> (last visited 19 March 2008).

¹⁶ On unfair credit card practices in general, major bills have been introduced by Rep. Carolyn Maloney (NY), chair of a key House subcommittee (the Credit Cardholders Bill of Rights, HR 5244), Sen. Carl Levin, who chairs the Senate Permanent Subcommittee on Investigations (the Stop Unfair Practices in Credit Cards Act of 2007, S 1395), and many others.

¹⁷ For proposed bills specific to restricting credit card offers to college students, see, for example, The Student Credit Card Protection Act of 2007, introduced by Rep. Louise Slaughter (NY) in the House as S 3347 and Senator Herbert Kohl (WI) in the Senate as S 1925 and Credit Card Reform Act of 2008, S 2753, introduced by Senator Robert Menendez. The bills include various provisions to impose ceilings on credit limits on cards offered to youth, to limit the number of cards a young consumer can have, to require underwriting or income verification, and in some circumstances, require a cosigner. Menendez would prohibit marketing to students unless they have specifically and affirmatively opted-in to a list.

¹⁸ No reliable chart of state laws or individual school policies is available and compiling one was not the subject of this report. In 2007, at least 12 states considered legislation to regulate credit card marketing on campus (personal communication to author from Heather Morton, National Conference of State Legislatures, October 2007). For additional background, some sources include the following:

“College Students and Credit Cards,” US General Accounting Office, Report GAO-01-773, June 2001, available at <http://www.gao.gov/new.items/d01773.pdf> (last visited 18 March 2008) and see “Graduating Into Debt: Credit Card Marketing on Maryland College Campuses,” February 2004, Maryland PIRG and the Maryland Consumer Rights Coalition, available at <http://www.uspirg.org/home/reports/report-archives/financial-privacy--security/financial-privacy--security/graduating-into-debt-credit-card-marketing-on-maryland-college-campuses> (last visited 18 March 2008)

¹⁹ U.S. PIRG and all other major consumer organizations are members of a broad new campaign to educate the public and policymakers about the need to eliminate one-sided binding mandatory arbitration (BMA) clauses in consumer contracts. See <http://www.givemebackmyrights.org/>

²⁰ <http://www.federalreserve.gov/releases/g19/Current/>