



INDIANA COMMUNITY ACTION POVERTY INSTITUTE

Research and Public Policy

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Indianapolis, IN - Today, the Consumer Financial Protection Bureau (CFPB) issued a rule banning credit cards with over one million open accounts from charging excessive late fees to consumers across the nation. While 2009 and 2010 regulation attempts from Congress and the Federal Reserve Board of Governors [initially curbed fee charging](#), credit card companies exploited an immunity clause, leading to a growing stream of revenue from fees that reached [\\$14 billion in 2022](#).

The CFPB's new rule will restrict credit card fees by only allowing credit cards to claim "immunity" from charging consumers costs associated with late payment if they charge \$8 in late fees. This amount, [based on CFPB research on the actual cost of consumers paying late](#), will be adjusted by the CFPB as needed instead of allowing for automatic annual increases, and companies will be required to prove additional cost burden to charge more. Current late fees can cost consumers as much as \$41, even as credit cards have shifted much of their business online, [reducing overhead costs](#) while still increasing fee amounts.

"Many Hoosiers [struggling to make ends](#) meet have to choose between paying competing bills, a difficult calculus that can result in paying a credit card late. Excessively charging such consumers, who are already struggling financially, suggests a callousness from the credit card companies. We at the Institute are glad to see the Consumer Financial Protection Bureau (CFPB) stepping in to restrict this exploitative practice that disproportionately harms individuals across pre-existing racial and economic inequalities," said Zia Saylor, Research and Communications Associate at the Indiana Community Action Poverty Institute. "We appreciate the CFPB's attention to these and other fees as a source of financial drain, distress, and spiral for individuals living paycheck to paycheck."

Estimates provided by the CFPB indicated that [over \\$10 billion would be saved](#) each year as a result of this rule, which amounts to \$220 annually for each of the 45 million late-fee-payers. Given findings from [prior CFPB research](#) on racial inequalities perpetuated by charging late credit card fees, this rule potentially offers inequality-reducing benefits that would allow for individuals who have been traditionally disincentivized and shut out from the credit market to participate and to protect their money from being consumed by excessive fees.

This rule is scheduled to take effect later this spring, the exact date of which will be 60 days following its entrance in the Federal Register.

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About the Indiana Community Action Poverty Institute

The Indiana Community Action Poverty Institute engages in research and promotes public policies to help Hoosier families achieve and maintain financial well-being. We believe that when Hoosiers are financially stable, they can achieve their full potential and better contribute to their communities. The Institute is a program of the Indiana Community Action Association.