

AMERICANS FOR FAIRNESS IN LENDING

**For Immediate Release
July 30, 2008**

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ALASKA LEADS THE NATION WITH HIGHEST CREDIT CARD DEBT PER BORROWER

New Hampshire, Connecticut, Maryland, and Colorado Round Out Top Five

(Boston, MA—July 30, 2008) Americans for Fairness in Lending today focused on the median credit card debt per borrower in each of the 50 states (plus the District of Columbia) to emphasize how widespread credit card indebtedness has become and to highlight the states where credit card debt is particularly large and oppressive. Alaska leads all states with a median credit card debt of \$3,384 for each borrower—over \$1,200 higher than any other state. New Hampshire is in second position at \$2,109 and Connecticut is third at \$2,094. Even the states with the lowest median credit card debt—Mississippi, Iowa, and West Virginia—still have median amounts of \$1,098, \$1,135 and \$1,237 respectively.

“The burden of credit card debt is felt in every state across America, with devastating impact on consumers and communities everywhere,” said Jim Campen, Executive Director of Americans for Fairness in Lending (AFFIL), a national non-profit advocating for greater regulation of the lending industry. “Unfair practices by credit card companies are fueling these high debt levels. Consumers are victims of a range of abuses such as doubling and tripling interest rates, applying higher interest rates retroactively to outstanding balances, imposing exorbitant penalty fees, and requiring binding mandatory arbitration clauses.”

AFFIL is highlighting data on the states’ ranking on median credit card debt that was compiled by its partner, the economic research and advocacy nonprofit Corporation for Enterprise Development (CFED) as part of its *2007-2008 Assets and Opportunities Score Card*. CFED’s annual Score Card measures how easy or hard it is for families across the U.S. to achieve the American Dream by providing a state-level snapshot of how the country is performing in six key areas: financial security, business development, homeownership, health care, education, and tax policy and accountability. (See <http://www.cfed.org/go/scorecard>.)

“CFED created our scorecard so that states can see how they compare on the things most closely tied to their citizens’ economic well being, and their officials can more clearly see where they might want to take action on issues like debt, savings, home and business ownership, poverty, or even health care insurance or job preparation via education,” said CFED President Andrea Levere. “The numbers on debt are particularly troublesome, not just because credit card debt is so heavy and widespread, but also because they signify a real drain on wealth that negatively affects a households’ ability to build assets.”

Consumer advocates from states with the highest median credit card debt responded to the news of their ranking with the following statements:

“Alaska prides itself in being the biggest in many categories, but this dubious distinction is nothing to be proud of,” said Steve Cleary, Executive Director of AkPIRG. “Credit card debt is bad for consumers. This high cost credit is taking hard-earned money from working Alaskans. AkPIRG has been working to both educate consumers on using credit wisely and to protect consumers from the predatory practices of the credit industry.”

“Our state has the second highest median credit card debt in the nation,” said Sarah Mattson, an attorney at New Hampshire Legal Assistance. “Here at NHLA we see many low-income clients harassed by debt collectors and facing bankruptcy. Consumer protection laws which prevent exploitation of

vulnerable low-income consumers by financial service providers are crucial to the financial stability of our New Hampshire communities.”

“I believe these figures go hand in hand with all other consumer debt,” stated Wanda L. Bhola, Housing Services Coordinator, Harford County Housing Agency in Bel Air, Maryland. “Families have over-extended themselves and with the increase in energy costs, gasoline, and therefore all consumer goods, they have been unable to meet their expenses.”

The ten states with the highest median credit card debt per borrower are:

1. Alaska	\$3,384
2. New Hampshire	2,109
3. Connecticut	2,094
4. Maryland	2,042
5. Colorado	2,030
6. Nevada	1,994
7. Virginia	1,983
8. Delaware	1,960
9. Washington	1,941
10. Massachusetts	1,937

See list of all states at http://www.affil.org/get_active/credit-card-action-center.

The data on credit card debt are for year-end 2006 and were obtained by CFED from TransUnion, one of the nation’s three major credit bureaus.¹ The amount of credit card debt reported here is much lower than other estimates for two major reasons. First, these data are for individual borrowers rather than for households or families (which may contain two or more individuals with credit cards). Second, these data give the amount of debt for the *median* borrower (if all borrowers were ranked by the amount of their debt, the median borrower is the one exactly in the middle of the list), rather than the *average* borrower (total debt divided by the total number of borrowers).

The Federal Reserve Board (Fed) has proposed new rules prohibiting some of the worst credit card abuses and asked for public comment. AFFIL is helping consumers to contact the Fed during this period. To date, over 32,000 consumers have responded with complaints about abusive practices. (See http://www.affil.org/get_active/action-alerts.) The Fed’s invitation for comments remains open through August 4, 2008. http://www.affil.org/uploads/D / 1/D _IKsn7u6kJ3HYfhnqBdA/FedReserv-Credit-Card-Responses.pdf

As part of its mission to shine a spotlight on predatory lending, AFFIL has launched an education/advocacy campaign focused on credit cards in America, providing regular updates and resources for consumers on abusive practices. *Common Credit Cards Tricks and Traps* is found at <http://www.affil.org/uploads/Sy/Hd/SyHdf950I38QEseDngawpg/Credit-Card-Tricks-and-Traps.pdf>.

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Americans for Fairness in Lending (AFFIL), is a non-profit organization working to end predatory lending practices, provide information to help consumers, educate policymakers about the need for reform, and demand action to assist debt-burdened Americans. AFFIL was created through a partnership of national consumer, civil rights, faith-based, non-partisan and grassroots organizations, including Center for Responsible Lending, Consumer Action, Consumer Federation of America, Consumers Union, National Consumer Law Center, and U.S. PIRG, among others. AFFIL’s goal is to establish fair lending principles and practices that will build and preserve individual and community assets. <http://www.affil.org>

¹ The data provided by TransUnion are for “revolving debt;” we refer to it as “credit card debt” because almost all revolving debt consists of credit card debt (the Consumer Federation of America estimates that credit card debt is 95 % of the total). The most commonly cited measure of credit card debt is from the Federal Reserve’s monthly Statistical Release G-19, which also reports “revolving debt” rather than credit card debt.