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CFPB Report Finds Continued Decline in College Credit Card Agreements

Most Colleges with Credit Card Agreements Do Not Make Them Easily Accessible To Students

WASHINGTON, D.C. — Today the Consumer Financial Protection Bureau (CFPB) released its annual report on college credit card agreements, which shows a nearly 70 percent decline in the number of agreements since Congress passed new disclosure requirements in 2009. These findings highlight the trend of marketing partnerships between colleges and financial institutions shifting from credit cards toward other products such as debit and prepaid cards, which generally have fewer sunshine protections. The report also found that most colleges with credit card agreements do not make those agreements readily accessible to students and families.

“Today, financial institutions are cutting more deals with colleges and universities to market student banking products that require less disclosure,” said CFPB Director Richard Cordray. “Schools and financial institutions should be up front on their website with students and their families about whether or not the school is being compensated to encourage students to use a specific account or card product.”

The college credit card agreements report is available

at: <http://www.consumerfinance.gov/reports/2014-college-credit-card-agreements/>

A lack of transparency in the student loan and credit card markets led Congress to enact reforms to help the public better understand the marketing partnerships between colleges and lenders. In 2008, Congress passed a law requiring schools to disclose preferred lender arrangements with student loan providers and establish a code of conduct for school officials.

In 2009, Congress passed the Credit Card Accountability, Responsibility, and Disclosure (CARD) Act, which requires issuers to disclose to the CFPB the terms

and conditions of any college credit card agreement, the number of new credit card accounts, and the compensation paid by issuers to institutions of higher education in the previous year. In order for students and the public to identify marketing agreements currently in effect, Congress further required that colleges and universities also publicly disclose these agreements. The CFPB is required to submit an annual report to Congress about these agreements, and to make the report publicly available.

In researching this report, the CFPB found that:

- **College credit card agreements continue to decline:** In recent years, there has been a steady decrease in both the number of college credit card agreements and open accounts. In 2009, some 1,045 agreements were in effect. Since the CARD Act went into effect, however, the number of agreements has decreased by nearly 70 percent, to the point that only 336 agreements were in effect by the end of 2013. Furthermore, credit card issuers paid over \$84 million to colleges and universities in royalties and bonuses for agreements in 2009. That amount dropped to approximately \$43 million in 2013.
- **College debit and prepaid card agreements are now more common than credit card agreements:** According to a report from the Government Accountability Office, there were at least 852 schools that had agreements with companies to market debit or prepaid cards to students in 2013. Unlike credit cards, these products do not have specific requirements in federal consumer financial laws to disclose their marketing partnerships.
- **College credit card agreements are not readily accessible:** The CFPB reviewed 35 college and university websites to determine if they made their credit card agreements easy for students and families to find and access. The Bureau found that 80 percent of these institutions—28 of 35—do not put their agreements, or information about how to request them, on their websites.

Campus Banking

In addition to credit card agreements, the CFPB is closely monitoring the marketing arrangements many colleges and universities have with financial institutions related to deposit accounts, prepaid cards, debit cards, and other financial products. Investigations by the Government Accountability Office, the Department of Education's Inspector General, and others have raised numerous concerns about conflicts of interest in these deals and their impact on students.

The CFPB continues to highlight the importance for students and families to be able to easily review agreements so they can understand the products before they sign up. In February 2013, the Bureau launched an inquiry into these other financial products and services marketed to college students and expressed concerns around transparency of these agreements. Last year, the CFPB [called on financial institutions](#) to publicly disclose all campus financial agreements on a voluntary basis. The Bureau also hosted a [public hearing](#) about student banking products, and issued a [consumer advisory](#) reminding students that they can't be required to use a specific bank or card product recommended by their school. The CFPB's public database on college credit card agreements is available at: <http://www.consumerfinance.gov/credit-cards/college-agreements/> As part of the Paying for College platform, the CFPB developed a guide for students and their families on how to choose a student checking or debit card product. Managing Your College Money is available at: <http://www.consumerfinance.gov/paying-for-college/manage-your-college-money/> More information is available at: [consumerfinance.gov/students](http://www.consumerfinance.gov/students)

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The Consumer Financial Protection Bureau is a 21st century agency that helps consumer finance markets work by making rules more effective, by consistently and fairly enforcing those rules, and by empowering consumers to take more control over their economic lives. For more information, visit [consumerfinance.gov](http://www.consumerfinance.gov).