

Profits from Credit Cards Skyrocket

Just as the credit card industry lobbies Congress to restrict bankruptcy relief, industry profits continue to soar. The Consumer Federation of America (CFA) issued its fourth report on credit card debt in April 1999 after decades of a steady climb in industry profits. The principal finding is that cardholders are exercising more restraint while credit card companies increase their marketing, lines of credit, and profitability. The CFA's executive director, Stephen Brobeck, commented in a concurrent press release that credit card issuers "urge Congress to deny families access to bankruptcy relief" while they "enjoy high and increasing profits."

The most recent profit reports of Second Quarter 2003 demonstrate that credit card profits continue to soar. For the three months of April, May, and June of 2003 the nation's three largest credit card issuers enjoyed nearly \$1.5 billion in profits. Citibank, the nation's largest issuer of bank credit cards reported profits of \$659.0 million. While the figure includes some credit cards issued outside the USA, it is 9% over the same period one year ago. MBNA, the second largest U.S. issuer of bank credit cards, reported an even higher 20% increase over last year with \$543.3 million in second quarter profits. Although Bank One, the third largest U.S. issuer of bank credit cards saw a rare 2% decline over the second quarter of last year, it posted \$270.0 million in profits. American Express, another industry giant, reported second quarter profits of \$634.0 million from its credit card business. The reports from the second quarter lead industry analysts to forecast \$12 billion in profits for 2003.

Issuer	Profits	Loans
Citibank	\$659.0 Million	\$113.3 Billion
American Express	\$634.0 Million	\$36.0 Billion
MBNA	\$543.0 Million	\$110.5 Billion
Capital One	\$286.8 Million	\$60.7 Billion
Bank One	\$279.0 Million	\$73.0 Billion

Revolving credit card debt is now at an astounding \$700 **billion**, with the average American carrying over \$8,000.00 of credit card debt. So, as the credit card companies lobby Congress for significant credit card reform that would severely restrict consumers' ability to receive bankruptcy relief, they continue to achieve greater profit and expand their efforts to get those same consumers to incur more debt. In fact, according to the Consumer Federation of America, 3.5 billion credit card mailings were sent out to homes across the country in 1998. How

can the credit card companies complain about the credit crisis in the United States when they are the largest promoters of it?

Source: Cardweb.com/cardtrak/news/2003/august/13a/html and
CardData(www.cardata.com)

Source: Savewealth.com/specialreports/smartcredit/