

The CARD Act Has Saved Billions

By Matthew Yglesias



Watch those interest rates!

Photo by Wathiq Khuzaie /Getty Images

Curbing interest rates for certain classes of popular credit products could save consumers money (cheap credit) or it could merely lead people to be unable to access credit (like when price controls create supply shortages). Sumit Agarwal, Souphala Chomsisengphet, Neale Mahoney, and Johannes Stroebel **look at one such regulation**—the 2009 Credit Card Accountability Responsibility and Disclosure Act—and find that it's saved people lots of money:

We analyze the effectiveness of consumer financial regulation by considering the 2009 Credit Card Accountability Responsibility and Disclosure (CARD) Act in the United States. Using a unique panel data set covering over 150 million credit card accounts, we find that regulatory limits on credit card fees reduced overall borrowing costs to consumers by an annualized 2.8% of average daily balances, with a decline of more than 10% for consumers with the lowest FICO scores. Consistent with a model of low fee salience and limited market competition, we find no evidence of an offsetting increase in interest charges or a reduction in access to credit. Taken together, we estimate that the CARD Act fee reductions have saved U.S. consumers \$20.8 billion per year. We also analyze the CARD Act requirement to disclose the interest savings from paying off balances in 36 months rather than only making minimum payments. We find that this "nudge" increased the number of account holders making the 36-month payment value by 0.5 percentage points, with a similarly sized decrease in the number of account holders paying less than this amount.

Advertisement

I would note more generally that the 111th Congress of 2009–2010 did more stuff than is generally recognized.

NEWS & POLITICS

POLITICS

JUNE 9 2015 10:27 AM

Our Segregated Summers

The police misconduct in McKinney, Texas, is part of America's long, fraught history of race and swimming.

Jamelle Bouie

How a Few Days in 1947 Turned India and Pakistan Into Sworn Enemies

A Great Big Win for Presidential Powers at the Supreme Court

One Thing About the NSA That Should Still Worry Us

Is Hillary Clinton Dooming Real Election Reform?

Rick Perry Is Not an Idiot

Why Obama Should Offer Edward Snowden a Deal

Why Some GOP Contenders Are Attacking Big Business

BUSINESS

MONEYBOX

JUNE 9 2015 2:51 PM

Marco Rubio's Adventures in Real Estate

Helaine Olen

Working at Chipotle Just Got Better for All Its Employees

Choosing to Default on Student Loans Probably Means You're a Jerk. It Doesn't Mean You're the Problem.

Apple's New Streaming Music Service Looks Boring, Derivative, and Inessential. Here's How It Could Still Be a Hit.

Pizza Hut Tried to Rebrand Itself by Marketing to Millennials. Oops.

McDonald's Falling Sales Just Hit Another Terrible Milestone

Can Trucks Save Money by Riding in Peloton Formation? This Tech Company Thinks So.

The *New York Times* Should Apologize for the Awful Op-Ed It Just Ran on Student Loans

LIFE

OUTWARD

JUNE 9 2015 3:23 PM

Faced With a Sweet Gay Adoption Commercial, Franklin Graham Calls for Evangelical Boycott

J. Bryan Lowder

LinkedIn's Empire State Building Offices Have a Speakeasy and a Wall of Employee Pet Photos

Help! My Lunch Keeps Getting Stolen at Work—by the CEO.

Virginia Politician Says Gays Should Have Their Own Bathrooms. He Has a Point!

I'm Trans. I Don't Discuss My Surgical Status. Here's Why.

Help! These Parents Are Forcing Their Son to Be a Girl for Two Years for "Enlightenment."

Is Paris Really Home to Two of the World's Most Hated Buildings?

***Fun Home* Was the Big Winner at the 2015 Tonys. How Did a Graphic Memoir Become a Musical?**

DOUBLE X

DOUBLEX

JUNE 9 2015 1:50 PM

Menstrual Cups Are a Feminist Issue

They're also good for lazy people.

Jane C. Hu

How Did Dying Your Hair Gray Become the Height of Fashion?

If Someone Has to Change Names Upon Marriage, Why Not the Husband?

The One Creepy Misstep in the Otherwise Great *Spy*

Fifty Years After *Griswold*, the American Working Women's Revolution Is Stalled

Caitlyn Jenner Isn't Fodder for Your Academic Feminist Squabble

Did the FDA Really Just Approve the "Female Viagra"? Not So Fast.

Idaho Woman Confounds Pro-Lifers' Legal Reasoning by Giving Herself an Abortion

SLATE PLUS

POLITICS

JUNE 9 2015 2:00 PM

The Macho Primary

Which Republican presidential candidate is the manliest? **Slate** decides.

Christian Lesperance and William Saletan

Dahlia Lithwick Previews the Supreme Court Decisions Headed Our Way Soon: A Podcast Transcript

Here's the Very Best of *ClickHole*

From the History of American Slavery to America's Dental Crisis, These Were the Best *Slate* Stories This Week

Here Are Our Favorite Reads From Around the Web This Week

ARTS

BROW BEAT

JUNE 9 2015 3:17 PM

Amy Poehler and Mindy Kaling on *Inside Out*, *Mindy's* Hulu Move, and Those *Daily Show* Rumors

Kyle Buchanan

Katniss Gives Her Final Rallying Cry in the First Trailer for the Last *Hunger Games*

Stephen Colbert Takes a Stab at Composing His Own *Late Show* Theme Song

We Tasted All Six of Starbucks' New Frappuccinos. Half of Them Are Disgusting.

From Four-Leaf Clovers to Gray Underwear, the Quirky Things That Bring Us Luck

Don't Be So Shocked by the Deaths on *Game of Thrones*: The Show Is a Classical Tragedy

Watch a Supercut of Jean-Luc Godard's Obsessive Use of Red, White, and Blue in His Films

TECHNOLOGY

FUTURE TENSE

JUNE 9 2015 3:04 PM

White House Says All Federal Websites Must Use HTTPS Encryption

Lily Hay Newman

Spotify's New Running Feature Is the Tough, Relentlessly Optimistic Coach You Never Had

We Cheer for Robots Because We Admire Their Creators

You're Going to Need Two More Numbers for Your iPhone PIN

All the “Revolutionary” New Apple Products, and Who It Copied Them From

Apple Notices That Basically Half the Population Menstruates

Join Future Tense for a Free Happy Hour Event About Designing the 21st Century

HEALTH & SCIENCE

BAD ASTRONOMY

JUNE 9 2015 11:30 AM

Bad Astronomy Video: Black Hole Traffic Jam

Phil Plait and Jim Ffestante

Time-Lapse Video from a Soyuz Capsule Docking with the Space Station

Two Ways to Vicariously Experience a Visit to Pluto

Crash Course Astronomy: Asteroids

It Was Only Logical: An Asteroid for Spock

How Cranks Influence Legitimate Climate Science

How Did Tyrannosaurus Rex Have Sex?

SPORTS

THE SPOT

JUNE 9 2015 12:39 PM

Team Australia Blogger Says USA Stinks after Aussies Lose 3-1 to Stinky USA

Hope Solo Leads U.S. to Impressive World Cup Win, Cat Whitehill Is Sad How Good She Is

Fox's World Cup Streaming Options Are Terrible

World Cup Jerkwatch: Hope Solo Is an Abrasive, Ayn-Rand Loving Reality Star Wannabe

Team USA Has Its Work Cut Out for It at This World Cup

Who Needs Kyrie Irving? Cavs Win Game 2 OT Thriller.

Watch Steph Curry Score Eight Points in 83 Seconds in a Crazy Game 1
