

Subprime Credit-Card Holders Are the Most Profitable

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Although credit-card holders with low credit ratings default more often than the rest of the population, the interest and fees they pay make them far more profitable for banks than any other groups of credit-card customers, according to research reported in *The New York Times*. Even during the financial crisis, when banks were hemorrhaging money on subprime mortgages, subprime credit cards were a major source of profits. New federal guidelines limiting hidden fees are saving customers an annualized **2.8%** of the average daily balance on cards, the *Times* says.

SOURCE: Card Act Cleared Up Credit Cards' Hidden Costs (<http://www.nytimes.com/2013/11/08/business/economy/a-credit-card-rule-that-worked-for-consumers.html>)