



Compliance Corner

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With a new year upon us, CAPITAL Card Services is looking forward. We have guided our clients through the required rule changes and we are waiting to see what changes the Regulatory Reform Act (HR 4173) and the creation of the Consumer Financial Protection Bureau will bring. But we do not believe taking a “wait and see” approach is the only thing that should be done.

After reviewing numerous external speeches and publications from consumer protection groups, the media, and government officials, I see a repeated trend – they often refer to the “fine print” with some discussion of a consumer predicament and then infer that the customer was injured by the “fine print.” What exactly is “fine print”? It’s the TERMS AND CONDITIONS and CREDIT CARD CONTRACTS. The majority of these are written by legal counsel and, while perfectly legal, many of them communicate to the consumer beyond the general reading level of the public. Now is the time to read your “fine print” and think about what those documents restrict or communicate to your customers. How might consumers perceive the decisions in that “fine print”? And, most importantly, should these documents be made more consumer-friendly? Then, look at your marketing materials and think about whether there are things in your “fine print” that should be called out in your marketing information. The whole point is to help consumers understand limitations and restrictions so they aren’t surprised when specific events occur. At CAPITAL Card Services, we can help you make sense of this and provide you with recommendations you might want to consider.

After reviewing your “fine print”, now is the time to review your credit card policies and procedures with an emphasis on anything where you tell the customer “no” or where the customer has some liability. Are these called out in your “fine print” and marketing materials? Next, look at your customer complaints – are consumers complaining about areas where you tell them “no” when you could tell them “yes”? Might you have some opportunities to improve customer perception (often with little to no cost)?

I will leave you with this final thought: During compliance training, I have taught our staff to hear and take care of consumer concerns. If you don’t, consumers take their concerns to legislators, legislators introduce bills to remedy the concerns, the bills may pass and become regulations, and then banks have new compliance rules. It all tracks back to really listening to the consumer and considering better methods to resolve their concerns, which ultimately prevents new regulations. With all the new regulations, it’s obvious the industry wasn’t paying enough attention. To stop the flurry of new regulations, we need to embrace this concept and be more proactive by doing the right things for the right reasons.