



# CONNECTICUT BANKERS ASSOCIATION

February 10, 2009

TO: MEMBERS OF THE COMMITTEE ON HIGHER EDUCATION  
AND EMPLOYMENT AVANCEMENT

FROM: CONNECTICUT BANKERS ASSOCIATION  
CONTACTS: TOM MONGELLOW OR FRITZ CONWAY

RE: SENATE BILL 73, AAC THE SOLICITATION OF CREDIT CARDS TO  
COLLEGE STUDENTS AND THE MANGEMENT OF STUDENT CREDIT CARD DEBT;  
AND HOUSE BILL 5119, AAC INSTITUTIONS OF HIGHER EDUCATION AND THE  
SOLICITATION OF CREDIT CARDS TO COLLEGE STUDENTS

POSITION: OPPOSE

These bills seek to effectively prohibit the solicitation of credit cards on any college campus, to college students. We oppose this bill for several reasons.

There are many responsible college students that have legitimate needs for credit, particularly, a credit card. Credit cards allow convenient access to cash, electronic payment at stores, access to ATMs and are accepted at more than 24 million locations around the world. They have become a near-necessity in today's marketplace, as they are usually needed to rent a car, reserve a room or to make purchases over the internet. Broadly prohibiting the offering of credit cards on all college campuses also ignores the fact that many students have full or part time jobs and have the means of paying the balance of the credit card.

Additionally, it is safer to carry a credit card versus a large amount of cash. This is one of the primary reasons the City of New Haven's Resident ID card, has a cash-loading feature (called a smart card). Also, credit cards come with many anti-fraud features, such as a built in fifty dollar limit against any unauthorized usage, in case they are lost or stolen. These features may not be available on other types of cash access cards.

Importantly, in today's economic and financial climate, a credit history is critical in order to be approved for a loan. Having a credit card is typically one of the first and best opportunities for a

person to establish their credit rating. Many college students want to establish that rating as soon as possible and for a variety of reasons, such as the purchase of a car, furniture or a house.

Competition among credit card companies has given students more choices of different types of credit cards. For instance, secured credit cards, commonly used among people establishing credit for the first time, must be tied to a savings account. These cards typically provide a lower interest rate and credit line, but nonetheless these cards allow for the establishment of a credit history.

We understand that sometimes individuals may not understand the responsibilities and consequences of not properly managing their credit. Basic financial survival skills such as balancing a checking account and knowing how “credit” works are important tools that can provide a lifetime of benefits. The banking industry constantly engages in and promotes the teaching of these skills.

Instead of banning the offering of needed and useful credit, we feel it would be more appropriate to institute statewide “personal financial skills” curricula, to be implemented at a high school level. This would result in graduates who would be able to adequately plan and make informed decisions regarding their financial future.

For the above reasons, we urge your opposition to Senate Bill 73 and House Bill 5119.