

# Regulating Consumer Financial Products: Evidence from Credit Cards

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Sumit Agarwal , Souphala Chomsisengphet , Neale Mahoney , Johannes Stroebe

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## Abstract

We analyze the effectiveness of consumer financial regulation by considering the 2009 Credit Card Accountability Responsibility and Disclosure (CARD) Act. We use a panel data set covering 160 million credit card accounts and a difference-in-differences research design that compares changes in outcomes over time for consumer credit cards, which were subject to the regulations, to changes for small business credit cards, which the law did not cover. We estimate that regulatory limits on credit card fees reduced overall borrowing costs by an annualized 1.6% of average daily balances, with a decline of more than 5.3% for consumers with FICO scores below 660. We find no evidence of an offsetting increase in interest charges or a reduction in the volume of credit. Taken together, we estimate that the CARD Act saved consumers \$11.9 billion a year. We also analyze a nudge that disclosed the interest savings from paying off balances in 36 months rather than making minimum payments. We detect a small increase in the share of accounts making the 36-month payment value but no evidence of a change in overall payments.

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