

Responsible Credit Partnership

Presentation for DEBT MATTERS: RAISING THE PROFILE OF HOUSEHOLD DEBT IN AMERICA

Center for American Progress

July 19, 2006

Kimberly Gartner, Director, Responsible Credit Partnership

Responsible Credit Partnership: Case Study in Finding Common Ground

- Mission and approach
- History and foundation
- Key programs (industry practices and What's My Score)
- Reasons for our success

Responsible Credit Partnership Overview

Mission:

Help *new to credit* consumers manage credit successfully

Approach:

Engage all the industry stakeholders—credit issuers, nonprofit credit counselors, regulators, credit scoring agencies, credit bureaus, educators, community representatives, and business ethicists.

Understand the problems around credit card debt and develop effective interventions to counteract them.

Serve as an idea incubator and determine the best methods to distribute new ideas, programs, and projects to other organizations working to promote financial literacy and money management skills.

History and Foundation

- MN woman concerned about credit card issues
 - Obtains funding from The Saint Paul Foundation and Marquette Financial Services
- Initial research indicates issues exist
- Recruitment of advisory committee members
- Research to document a problem
 - Literature reviews
 - Focus groups with consumers
- U.S. Citizen Case Study
- Goal of recommending strategies

The Partnership Solution

Industry Practices

- *Tests* of industry practices to determine effectiveness of early intervention with cardholders
- *Efforts* to encourage other companies to integrate best practices and undertake new tests

Education

- “*What’s My Score*” campaign to raise awareness and change behaviors of college students
- *Case studies* to further explore credit issues from multiple perspectives
- *University course* (1 college credit, online) about credit card management developed by U of MN
- *Cultural programming* targeted to help immigrants and other minority communities use credit and other financial services successfully

Industry Tests

Our industry partners continually conduct tests with their cardholders to find better ways to both improve consumers' understanding of responsible borrowing and raise industry awareness of strategies to help consumers increase financial literacy and build solid money management skills.

Among others, industry tests have included investigating the effects of:

- Educational intervention on delinquent accounts for both general consumers and college students;
- Credit education for new cardholders;
- Financial counseling for newly delinquent accounts; and
- Promoting, disclosing terms and conditions.

Partners in the Responsible Credit Partnership share this research freely amongst partners – and promote best practices within the credit industry.

What's My Score Education Campaign

- Designed to educate students on the importance of managing their credit reputation in the same way they manage their GPA
- Empowering and non-authoritative tone
- Completely unbranded campaign to avoid suspicion of issuer propaganda
- Piloted on 11 campuses with successful evaluation results
- Moving to a managing partner for national distribution

What's My Score Ads/Poster

If you have a credit card, you have a credit score. And it's tough to fix once the damage is done. It's a lot like your GPA: One bad grade (or missed payment) can do some serious damage. And not only do lenders judge you by it, so do landlords, insurance companies and even employers. But if you manage your credit wisely, you can use it to your advantage. Learn how at whatsmyscore.org

**WHEN YOU'RE READY FOR
A REAL JOB**
you'll be glad you have a
good credit score.



If you have a credit card, you have a credit score. And it's tough to fix once the damage is done. It's a lot like your GPA: One bad grade (or missed payment) can do some serious damage. And not only do lenders judge you by it, so do landlords, insurance companies and even employers. But if you manage your credit wisely, you can use it to your advantage. Learn how at whatsmyscore.org

**WHEN YOU'RE READY FOR
A NICER CAR**
you'll be glad you have a
good credit score.



What's My Score Ads/Poster

If you have a credit card, you have a credit score. And it's tough to fix once the damage is done. It's a lot like your GPA: One bad grade (or missed payment) can do some serious damage. And not only do lenders judge you by it, so do landlords, insurance companies and even employers. But, if you manage your credit wisely, you can use it to your advantage. Learn how at whatsmyscore.org

If you have a credit card, you have a credit score. And it's tough to fix once the damage is done. It's a lot like your GPA: One bad grade (or missed payment) can do some serious damage. And not only do lenders judge you by it, so do landlords, insurance companies and even employers. But, if you manage your credit wisely, you can use it to your advantage. Learn how at whatsmyscore.org



Keys to Our Success

- Recognition that Responsible Credit behaviors are a shared responsibility
- Involvement of all credit card industry stakeholders
- Recognized industry leaders committed to the project's success
- Highly effective mix of people, ideas, and funding to make things happen expeditiously
- Willingness to listen and learn from each other and consumers
- Common project goal...helping consumers manage credit successfully

Current Partners

Affinity Plus Federal Credit Union

F.R. Bigelow Foundation

Center for Ethical Business Cultures

Experian

Fair Isaac Corporation

Family Means

Federal Reserve Bank of
Minneapolis

Katherine B. Andersen Fund

Lutheran Social Service of MN

Marquette Financial Services

McKnight Foundation

MN Council on Economic Education

Minnesota Private College Council

Otto Bremer Foundation

Target Financial Services

Take Charge America

The Mardag Foundation

The Saint Paul Foundation

University of Minnesota

University of St. Thomas

USBank

Visa USA

Wells Fargo

Names in bold indicate funders.