

## THE OPPORTUNITY PROJECT

2023 PROBLEM STATEMENT

# Promoting Competition in the Credit Card Market

Consumer Financial Protection Bureau (CFPB)

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**THE CHALLENGE** – Enable consumers to shop for the best credit card to meet their needs and promote competition in the credit card market.

**EXECUTIVE CHAMPION** –

Ashwin Vasan, Associate Director, CFPB

**THE PROBLEM** – Consumers do not have an easy way to comparison shop for credit cards. Widely used comparison sites have incentives to promote only credit cards that generate revenue for the platform and focus on aspects of credit cards (such as rewards) that may not be applicable or what matters most to some consumers. Many credit cards also advertise only a wide range of interest rates and provide a consumer's exact APR and credit line only after they have been approved, and applying for multiple credit cards can be counterproductive – since each application typically lowers a consumer's credit score. Yet choosing the wrong card can be costly for consumers. From 2018 to 2020, the CFPB estimates that Americans paid roughly [\\$120 billion per year](#) in credit card interest and fees. Moreover, interest rates on credit cards have risen substantially in recent months, with average [interest rates exceeding 20%](#). Without an easy way to compare credit cards prior to applying for them, consumers may end up paying more than they need to in interest and fees.

**THE OPPORTUNITY** – The CFPB collects certain data that can be helpful in improving this problem. By law, larger credit card issuers submit information to the CFPB twice per year on their biggest credit card products through our Terms of Credit Card Plans (TCCP) Survey. In 2023, the CFPB modernized how it collects the data in part to spur competition and help consumers shop for credit card products with lower rates and fees. For example, the dataset lifts the curtain on what a consumer's APR could be by requiring issuers to provide data on the median APR offered to consumers across three credit score tiers. CFPB also now provides smaller institutions with the opportunity to volunteer their credit card offerings, evening the playing field between large and small institutions, and shedding light on lower-cost credit cards that are often offered by smaller institutions such as credit unions.

In this sprint we challenge teams to use this data to facilitate a more competitive credit card shopping experience for consumers. We challenge sprint teams to create digital or analog tools, outside the incentive structure of revenue generation, that ensure consumers have the ability to find the credit card that best meets their needs.

**TARGET END USERS** – American consumers in need of a credit card.

#### **RELATED DATA SETS**

- ↳ Consumer Financial Protection Bureau [Terms of Credit Card Dataset](#)
- ↳ U.S. Census Bureau [Household Pulse Survey](#)

#### **SPRINT LEADERS**

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