Consumer Financial
Protection Bureau

1700 G Street NW, Washington, D.C. 20552

February 16, 2023

Dear Respondents:

On May 25, 2022, we wrote to the CEOs of the nation's biggest credit card companies — JPMorgan Chase, Citibank, Bank of America, Capital One, Discover, and American Express — asking them to explain their practices around suppressing actual payment information from the nationwide consumer reporting system.[1] Below is a summary of our key findings from the responses to the voluntary information request, supplemented by information from follow-up discussions with industry participants.

Summary of Key Findings

- While our analysis did not seek to investigate whether entities explicitly colluded, the responses indicated that one large credit card company moved first, and other players suppressed data shortly thereafter. After the change made by these players, actual payment furnishing coverage fell by more than half from 88 percent in late 2013 to only 40 percent by 2015.

- Although companies generally cited the positive benefits of pooled data sharing to consumers and the economy, they did not specify when or if they would return to their previous practice of reporting actual payment data. In some cases, they explicitly stated they did *not* intend to do so.

- The responses suggested companies withheld information in an attempt to make it harder for competitors to offer their more profitable and less risky customers better rates, products, or services.

[1] The information request letter is available at https://files.consumerfinance.gov/f/documents/cfpb_actual-payment-furnishing_issuer-letter_2022-05.pdf.

Background

In 2020, we published research showing that the largest credit card companies had started to deliberately suppress the actual payment amount borrowers repay on their credit card bills from the nationwide consumer reporting system.[2] This means that millions of consumers' credit reports are missing fundamental information about their credit card payment behavior that could help many of them receive better financial product offers. Credit and retail card accounts represent the majority of credit report tradelines, amounting to nearly 70 percent of all tradelines shared (or "furnished") into the nationwide consumer reporting system. When the largest credit card companies suppress any piece of a consumer's credit history, it has the potential to impact consumers and the credit market at large.

"Actual payment" is the amount a borrower repays each month in a credit account, as opposed to the minimum payment or full balance. It's valuable information that can help lenders offer and price credit competitively since consumers who repay their balances in full are generally less risky than those who do not. In a May 2022 blog post, we noted how consumer advocates and market participants alike have flagged the distortionary impacts of suppressing this information, particularly around competitively underwriting credit.[3] Adding actual payment data would not uniformly increase all consumer scores, but our market monitoring suggests that millions of consumers' credit scores could change by 20 points or more, with lower score individuals benefiting the most frequently from significant increases.

Newer credit scoring models cannot meaningfully consider the actual payment amount variable because of its low coverage. For example, the two credit scores the Federal Housing Finance Agency (FHFA) recently approved for use by Fannie Mae and Freddie Mac in mortgage underwriting were both released after credit card companies stopped reporting actual payment information.[4] While these "trended data" models incorporated other analytical improvements that may enhance overall performance, they could not benefit from using credit card actual payment amount variables. The same is also true for the thousands of in-house, proprietary credit report-based credit scoring models lenders use every day to make decisions about their customers.

Our research found that over a short period in early 2014, the largest credit card companies began to suppress this information.[5] This isn't the first time the credit card industry tried to suppress account information from credit reports. In our May 2022 blog post, we mentioned how

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[2] https://www.consumerfinance.gov/about-us/blog/new-report-explores-prevalence-actual-payment-information-consumer-credit-reporting/, and https://files.consumerfinance.gov/f/documents/cfpb_quarterly-consumer-credit-trends_report_2020-11.pdf.

[3] https://www.consumerfinance.gov/about-us/blog/cfpb-tells-credit-card-ceos-practice-of-suppressing-payment-data-has-potential-for-consumer-harm/.

[4] https://www.fhfa.gov/Media/PublicAffairs/Documents/CS-Fact-Sheet-2022.pdf.

[5] https://www.consumerfinance.gov/about-us/blog/new-report-explores-prevalence-actual-payment-information-consumer-credit-reporting/.

credit card companies had previously suppressed credit limit amounts. This also appears to have been prompted by competitive fears, and it led to federal regulators issuing a rule in 2009 requiring the furnishing of this variable into the nationwide consumer reporting system.[6]

In that same blog, we announced that we sent letters to the CEOs of the nation's six biggest credit card companies asking them if they ever furnished actual payment information. For those that suppress actual payment information, we asked why and what they might do to change their practice.[7]

Responses to Information Request Letter

As noted, respondents to the information request letter represent the largest credit card companies in the U.S. None of the respondents indicated they currently furnish actual payment information, nor do any have plans to voluntarily do so.

Anonymized responses are provided in the accompanying table and discussed below.

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[6] https://www.consumerfinance.gov/about-us/blog/cfpb-tells-credit-card-ceos-practice-of-suppressing-payment-data-has-potential-for-consumer-harm/ and https://www.ftc.gov/news-events/news/press-releases/2009/07/agencies-issue-final-rules-accuracy-credit-report-information-allowing-direct-disputes.

[7] https://files.consumerfinance.gov/f/documents/cfpb_actual-payment-furnishing_issuer-letter_2022-05.pdf.

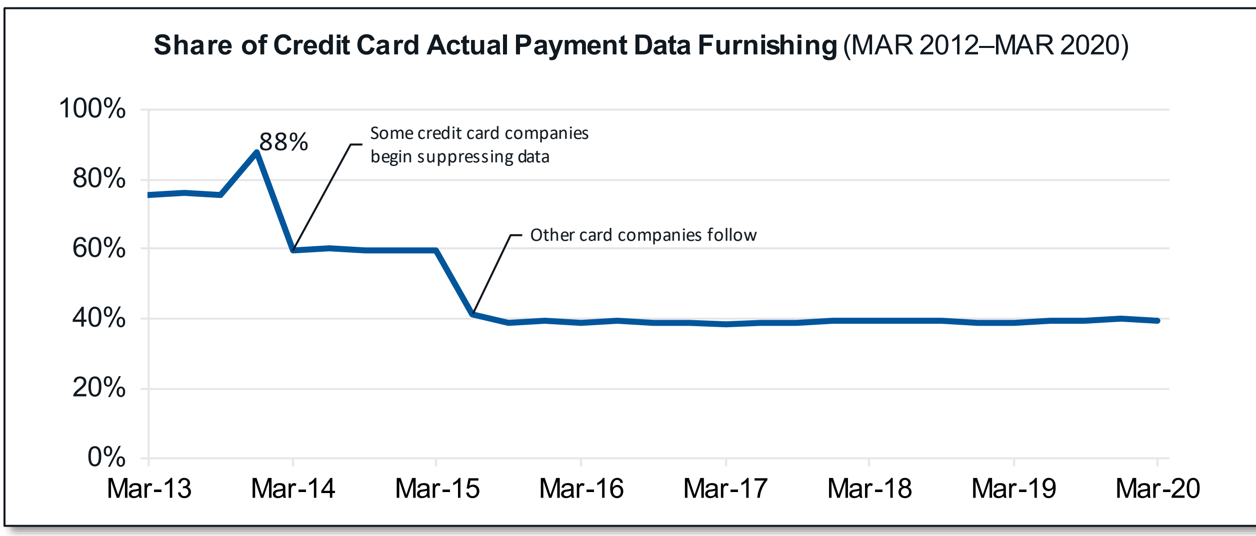
Respondent	Previously Furnished Actual Payment?	Rationale for Ceasing or Never Furnishing?	Plans to Furnish Actual Payment?	Barriers to Furnishing Actual Payment in the Future?
1	No	Not required to do so. Not consistently furnished nor "adequately studied."	No	"Consumer impacts are unknown" and "operational challenges exist" for open-end credit products.
2	Yes	"Cross-industry market research" determined other issuers were not reporting.	No	Yes, "significant technology effort" and "prioritization change."
3	Yes	Not required, needed, nor used.	No	"No material barriers" would prevent furnishing.
4	Yes	Doesn't believe benefits outweigh proprietary interests. FCRA does not require and nationwide CRAs' unwilling "to enforce level playing field" (specifically no "give-to-get" requirement on actual payment variable).	No	"Has not assessed in detail what would be required" to begin contributing the data.
5	No	Not required, furnishing is voluntary. Doesn't believe cost of furnishing is worth it.	No	None cited. It would take "at least 12-18 months" to analyze, plan, and implement.
6	Yes	Strategic review revealed that "other major issuers were no longer providing this information." Left at "competitive disadvantage."	No	It is possible to furnish actual payment amount information.

Source: CFPB analysis, Feb. 2023.

I. Major market players suppressed data in a short period of time to limit competition

Company responses suggest these companies withhold this information in an attempt to make it harder for competitors to offer their more profitable and less risky customers better rates, products, or services. Two of the six credit card companies we contacted said they had not furnished actual payment information since 2012 or earlier. The four other credit card companies were furnishing actual payment information but chose to stop. Two ceased in 2014 and the remaining two in 2015. These four companies cited similar reasons for ceasing furnishing, with a few of them specifically noting they observed other credit card companies had stopped furnishing and did not want to be at a "competitive disadvantage" of inadvertently providing data their competitors had chosen to stop sharing. One company mentioned that, as an impetus to start suppressing data in 2013, some nationwide consumer reporting companies were starting to market new data solutions to lenders that leveraged the actual payment variable without requiring data buyers to furnish it.

As we published in our 2020 research, prior to 2013, actual payment amount furnishing coverage was at 88 percent for all furnished credit card tradelines, but fell by more than half to only about 40 percent by 2015, where it remains today.[8] Notably, and as we described in our research, this is the only tradeline variable with such low coverage.



Source: CFPB analysis, Nov. 2020.[9]

[8] https://www.consumerfinance.gov/about-us/blog/new-report-explores-prevalence-actual-payment-information-consumer-credit-reporting/.
[9] https://files.consumerfinance.gov/f/documents/cfpb_quarterly-consumer-credit-trends_report_2020-11.pdf.

While our analysis did not seek to investigate whether entities explicitly colluded, the responses indicate that one large credit card company moved first, and other players suppressed data shortly thereafter. Whatever the impetus, the impact was the same: a rapid shift towards data suppression as the chart above shows, ultimately limiting the competitive functioning of the market.

II. None plan to furnish actual payment information voluntarily

In response to the question, "Does your company have plans to start furnishing actual payment amount information?", companies generally cited the positive benefits of pooled data sharing to consumers and the economy, and their role in supporting the nationwide consumer reporting ecosystem. However, no company specified they would start or restart furnishing actual payment information, and some explicitly stated they did *not* intend to do so. Instead, they made references to additional analysis needed, or suggested that we proceed with rulemaking to end data suppression among their peers, just as regulators did in 2009. Some appeared to be concerned about facing a "first mover disadvantage" in putting this data back into the system without knowing ahead of time whether the others will do so too.

Being able to view a consumer's actual payment amount history on their credit reports can be a valuable tool for lenders – and consumers – to ensure they're offering credit at the most competitive rates and terms.[10] Consumers reasonably expect to receive credit based on their ability to manage and repay their credit obligations. But this is impaired if actual payment information is suppressed by the largest credit card companies. Actual payment suppression is also out of step with market and regulatory trends that promote competition, like open banking, including the CFPB's rulemaking on personal financial data rights.[11] Finally, and as others have said, by paying credit card balances in full or in large part for a few months, borrowers can demonstrate credit-worthiness.[12] But this is impaired if actual payment information is suppressed by the largest credit card companies, as they are currently doing.

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[10] https://www.consumerfinance.gov/about-us/blog/cfpb-tells-credit-card-ceos-practice-of-suppressing-payment-data-has-potential-for-consumer-harm/.

[11] https://content.consumerfinance.gov/about-us/newsroom/cfpb-kicks-off-personal-financial-data-rights-rulemaking/.

[12] https://www.fanniemae.com/research-and-insights/perspectives/trended-credit-data-improves-du-risk-assessment-and-supports-access-mortgage-credit.

Thank you to all of the respondents who participated, and we look forward to further discussion on ways to enhance the accuracy and integrity of consumer reporting, as well as increase competition and choice for consumers seeking financial products.

Sincerely,

John McNamara
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Division of Research, Monitoring & Regulations