



National multi-cultural coalition releases new data on use of low limit credit cards

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Citizens for Equal Access to Credit, a multi-cultural, non-profit coalition, released a study that surveyed the usage of low limit cards in the United States. To illustrate the ability of consumers to re-establish their credit, TransUnion, on behalf of Citizens for Equal Access to Credit conducted an analysis of the "graduation rates" of cardholders over a 24-month period. The accuracy and methodology of the study was confirmed by the [Political and Economic Research Council](#), an independent non-profit public policy research organization.

"As Congress and the Federal Reserve Board continues to evaluate proposals to protect consumers we feel that it is essential that small businesses, communities of color and underserved segments and the organizations that represent them must have a voice in this process," said Javier Cuebas, executive director of Citizens for Equal Access to Credit. "Over 70 million people, one in three individuals in the U.S. today, find themselves in the low limit or 'sub-prime' category and, as the study demonstrates, low limit credit cards represent an effective way for to access and rebuild credit for a great many people."

The study, which was based upon a sample of 360,000 consumers found that nearly 35 percent of consumers with low limit cards improved their credit scores and more than 60 percent of consumers with an increase of 40 or more points in their credit score "graduated" to higher limit cards over a two-year period. Additionally, the data demonstrates that low limit credit cards can and do help consumers re-establish good credit. To read the complete study click [here](#).

Specifically, the analysis found that over a 24-month period, 35 percent of consumers improved their credit score. Of those who improved their credit score, 20 percent-24 percent of consumers opened prime credit cards with at least a \$1,000 credit limit and 58 percent of consumers received prime promotional credit offers providing important opportunities to access credit.

Citizens for Equal Access to Credit is comprised of past and present low limit credit card customers, leading national minority organizations, providers of low limit credit cards, Chambers of Commerce, small business associations, and groups and individuals from across the nation.

Citizens for Equal Access to Credit seeks to create a positive dialogue between leading national organizations representing minorities and other key stakeholders to promote positive change in our credit market. The organization will also conduct financial literacy education programs in underserved communities and provide information on the need to protect consumer access to credit. Over the past several months thousands of consumers and leading advocacy groups have written to the Federal Reserve Board to express their concern about the impact of the Fed's proposed Rule on continued access to credit.

For more information, visit www.equalaccesstocredit.org.