

**Company:** CitiFinancial

**Project:** Employee Memo

**Objective:** Inform employees about changes to credit card regulations that could impact customers

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Portfolio

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## Minimum Payments Expected to Increase as Credit Card Regulations Change

Minimum credit card payments are expected to rise when changes to credit card regulations take effect later this year. These changes are designed to help consumers pay down credit card balances more quickly, but not everyone is prepared for an increased monthly payment. This could mean budget problems for your customers, so be sure to reach out to them now, and help them avoid potential pitfalls in the future.

### What's happening?

- National changes to credit card regulations will go into effect by the end of the year.
- Instead of paying a fixed amount each month, payments will vary depending on the customer's existing credit card balance.
- Minimum monthly payments could increase from 2% to 4% of the balance.

### How will this affect our customers' minimum payments?

If a customer has budgeted for a minimum payment of \$100 a month (for example 2% on a \$5000 credit card balance), the payment could jump to \$200 a month with a 4% minimum payment! Think of the budget crunch this could cause. This is just an example; each credit card issuer will modify their terms differently, while still complying with the new regulations.

### How can I help my customers?

One of the key benefits of many of our products is a fixed monthly payment with fixed repayment terms. You can offer customers Personal Loans, EquityPlus Loans, and fixed rate Home Equity Loans in addition to the pre-approved offer, and they will enjoy the predictability and convenience of fixed monthly payments. There will be no surprises or jumps in the payment amount.

### What can I say to get the conversation rolling?

For your customers who received a pre-approved loan offer, you must first ask about the offer. After that, you can ask about the insert we enclosed with the offer. For your other customers, you can ask if they received the insert in their September statement. The message of the insert is "Life is full of surprises. Your budget shouldn't be one of them. Plan well with a loan from CitiFinancial." Some customers may not understand the potential changes facing them, while others may not even be aware that payment rules have changed.

*CitiFinancial was the consumer finance subsidiary of Citi. The purpose of this memo was to let branch employees know about pending changes to credit card regulations that could impact customers, and encourage them to contact these customers to offer them a loan product.*