

Credit Card Late Fees – Survey Result

Overview

The objective of this research was to understand credit card users' reactions to a recent CFPB proposal to limit credit card late fees to \$8. Research was designed to assess:

- Awareness of the CFPB proposal
- Levels of concern about potential effects of the proposal
- Attitudes about credit card late fees
- Opinions about the CFPB proposal
- Tradeoff between fees and interest rates
- Trusted sources of information on the subject of credit card late fees
- Credit card usage behaviors

Methodology

FGS Global conducted a nationally representative online survey of 1,301 consumers ages 18 and older.

- The survey was fielded from February 27 to March 7, 2023.
- Respondents were drawn using non-probability quota sampling from a pre-recruited online panel.
- Data were weighted by gender, age, and region to be representative of Census distributions for the population 18 and older.

Results shown in this report are from the subsample of 1,058 consumers with credit cards, who are a majority (81%) of the total sample.

Summary of Key Takeaways

- A majority (52%) of all credit card users are concerned that lowering the limit on credit card late fees to \$8 will result in credit card companies increasing fees and interest rates for all credit card users, including those who pay on time.
- A majority (56%) say that, if the CFPB proposal would result in increased credit card costs for all cardholders, they would be against the proposal.
- More than four out of five credit card users agree that late fees incentivize consumers to pay on time (85%) and that it's fair to charge a late fee to people who don't pay their credit cards on time (82%).
- 71% of credit card holders agree that late fees are necessary so credit card companies can cover the risks and costs of late payments.
- Given a choice between two options, most cardholders (64%) say they would prefer a credit card with a lower interest rate and higher late fees, while only 15% say they would prefer a card with a higher interest rate and lower late fees, and 20% have no opinion.

Survey Findings

CFPB Proposal

The Consumer Financial Protection Bureau (CFPB) is proposing a new regulation that will lower the limit on credit card late fees to \$8. Have you heard about this proposal?

	Among credit card holders
Yes	13%
No	82%
Don't know/Not sure	5%

Industry experts have claimed that the proposed CFPB regulation could potentially result in unintended consequences for consumers. How concerned are you, personally, about each of the following potential negative effects of lowering the limit on late fees?

Among credit card holders	Concerned (8-10)	Neutral (4-7)	Not concerned (1-3)
Credit card companies would increase fees and interest rates for all credit card users, including those who pay on time	52%	30%	13%
It would shift costs from those who pay late to all credit card holders	41%	33%	18%
It would raise credit card costs for people like me	40%	32%	22%
Credit card companies would be less likely to offer credit to some consumers	27%	40%	27%
More people would pay late, which would harm their credit score	25%	35%	34%
Some small banks would exit the credit card business, decreasing competition	22%	43%	27%

If the CFPB proposal to limit late fees would result in increased credit card costs for all cardholders, would you be in favor of or against the proposal?

	Among credit card holders
In favor of the proposal to limit late fees	25%
Against the proposal to limit late fees	56%
Don't know/No opinion	19%

If the CFPB proposal to limit late fees would result in reduced access to credit for some consumers, would you be in favor of or against the proposal?

	Among credit card holders
In favor of the proposal to limit late fees	39%
Against the proposal to limit late fees	32%
Don't know/No opinion	28%

Attitudes Towards Credit Cards and Fees

How strongly do you agree or disagree with each of the following statements?

% Agree (strongly/somewhat)	Among credit card holders
Late fees incentivize consumers to pay on time	85%
It's fair to charge a late fee to people who don't pay their credit cards on time	82%
Late fees are necessary so that credit card companies can cover the risks and costs of late payments	71%
Credit cards are essential to how I make purchases and pay bills	71%

In general, which of the following credit card options would you prefer?

	Among credit card holders
A higher interest rate with lower late fees	15%
A lower interest rate with higher late fees	64%
Don't know/No opinion	20%

Who do you trust for information on the subject of credit card late fees?

	Among credit card holders
CFPB (Consumer Financial Protection Bureau)	43%
Companies in the banking/finance industry	31%
American Bankers Association	17%
Friends, family, colleagues	17%
US Chamber of Commerce	14%
Academic experts	14%
News media	12%
Social media	5%
Elected officials	4%
Other	2%
None of the above	15%
Don't know	12%

Credit Card Behaviors

On average, how often do you use a credit card to make purchases or pay bills?

	Among credit card holders
Less than once a month	12%
About once a month	21%
About once a week	20%
A few times a week	31%
About once a day	8%
More than once a day	5%
Don't know/Prefer not to say	2%

In the past 12 months, how many times did you do the following with your credit card account(s)?

% One or more times in the past 12 months	Among credit card holders
I paid my balance in full	82%
I carried over a balance and was charged interest	47%
I paid the minimum payment only	39%
I was charged a late fee for late payment	26%
I used the card(s) for a cash advance	16%
I was charged an over the limit fee for exceeding my credit line	16%

How would you rate your current credit record?

	Among credit card holders
Very bad	1%
Bad	5%
About average	15%
Good	23%
Very good	54%
Don't know/Prefer not to say	1%

Demographics

Gender

	Among credit card holders
Male	51%
Female	49%

Age

	Among credit card holders
18 - 34	29%
35 - 54	32%
55 and older	39%

Census region

	Among credit card holders
Northeast	17%
Midwest	20%
South	37%
West	25%