

# CREDIT UNION JOURNAL

## CARD Act Expected to Make It Harder to Sell Portfolios

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By Joyce Moed, Reporter

ST. PETERSBURG, Fla. — New legislation may make it more difficult and less rewarding for credit unions to sell their card portfolios.

The result, analysts told *Credit Union Journal*, is that many CUs may look to reinvest in their card portfolios instead.

"Some of the portfolios have gone at a discount. With the new card legislation, the typical portfolio a buyer would be looking for is not going to be nearly as attractive as it once was," said [Tom Chandler](#), director of strategic consulting for [PSCU Financial Services](#). "There are no many buyers in the marketplace."

Other market factors already in place are hampering such sales as well, he said, including banks operating with TARP money and under other stresses. "Now there are additional barriers with the CARD Act."

For buyers, the new legislation makes it more difficult to wring new income out of cardholders by putting limits on credit line increases, and changes to terms and conditions.

"A cardholder could get new terms in the mail and then call and opt out," Chandler explained. "They don't have to be replaced. The ability to reprice is lost."

### No Buyers, or No Good Buyers

Chandler said that credit unions are "going to be faced with that either there's not going to be a buyer, or there won't be as good of a buyer, and they will have to manage through it."

"You're going to have to go in there and learn what's going on in your portfolio and learn to manage it better," he advised. "There will need to be more emphasis on trying to collect. You will have to become much more engaged in managing your portfolio. That's really the key."

Credit unions will also have to do a better job of reminding their members of what the value of their cards are, Chandler said. This is something that some credit unions are already very good at doing, he noted, "but I don't think it's the majority of them."

[Mark Fenner](#), SVP-national sales manager with [TNB Card Services](#) in Dallas, said that many credit unions are now holding onto their portfolios.

### Opportunity Is Out There

"They are seeing their opportunity is out there," Fenner said. "Credit unions are seeing this is a good time to be in the business. The CARD legislation is net positive for credit unions. It's taking on competition and seeing what they can do."

"Why sell it unless you really have to," Fenner asked. "My advice is get with a good partner that can help maximize what you have. Focus in on employees, and on what stories employees are sharing.

[Bob Hackney](#), CEO for [CSCU](#) in Clearwater, Fla., said that while selling portfolios is not as easy or as lucrative as it once was, there remain credit unions looking to sell.

"But there are fewer buyers, and the other thing is that premiums are way down-even before the CARD Act," he said.

"I think they may try to sell because of the cost to comply, or may start utilizing a processor that will help ease the burden."

[Bill Lehman](#), AVP-portfolio consulting, [CSCU](#), said that credit unions may have a lot of hidden money in their portfolios. "These things are products that can take off once they are managed," he said. "My advice is to measure if you have a competitive product. If yes, market that product. If no, really analyze what you need to do to enhance that product for today's marketplace."