

Why is One State to Blame for your High Credit Card Interest Rates?

If you were to loan money to a business partner, friend or neighbor, it would be illegal for you to charge an interest rate of 36% -the government rightfully considers that to be nothing more than loan shark rates. Then you may wonder as many consumers do, why it is big banks are allowed to charge their loyal customers these outrageous interest rates.

Watch the below video offered by the Consumer Warning Network as Terry Smiljanich sheds light on how a little known provision contained in the Gramm, Leach, Bliley Act, (also known as the Financial Services Modernization Act of 1999) became the forerunner to where we are today.

How can financial institutions get away with charging consumers such historically high interest? Isn't it criminal to do so? Isn't it "usurious?" If not, who's responsible for letting banks get away with this? Remember when 18% interest was considered high on consumer debt? Remember finance charges of 6%? How did we get from there to here? Enter South Dakota.

When legislators in South Dakota abolished interest rate caps, the big banks quickly opened a bank branch in the state. Why? You probably guessed it, with the passage of the GLBA, a very crucial and seemingly well hidden clause was inserted in the GLBA and that clause paved the way for banks to charge whatever interest rate they wanted...as long as they had a branch bank in the state of South Dakota.

How can politicians justify these loan shark rates that are illegal for anyone else to charge? Residents of South Dakota should be outraged. We all should.

ACCESS Board member and from GiveMeBackMyCredit.com

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