

come, first served basis. There may be continuing opportunity to participate even after initial activity commences for participants who were not selected initially or have submitted the letter of interest after the selection process. Selected participants will be required to enter into a consortium CRADA with NIST. At NIST's discretion, entities which are not permitted to enter into CRADAs pursuant to law may be allowed to participate in the Consortium pursuant to separate non-CRADA agreement.

Project Objective: Artificial Intelligence (AI) tools and applications are growing at an unprecedented pace, changing our way of life, and having significant impacts on society and all sectors of the economy. Yet, the potential technical and societal benefits and risks of AI require much closer examination and a more complete understanding. Aligning AI with our societal norms and values and keeping the public safe requires a broad human-centered focus, specific policies, processes, and guardrails informed by community stakeholders across various levels of our society, and bold commitment from the public sector.

To manage the broad risks of AI technologies, help to protect the public and our planet, reduce market uncertainties, and encourage even more extraordinary AI technological innovations, the National Institute of Standards and Technology (NIST) is expanding its AI measurement efforts by harnessing the broader community's interests and capabilities. NIST aims to help enable the identification of proven, scalable, and interoperable measurements and methodologies to promote development of trustworthy AI and its responsible use. This is a critical challenge at a pivotal time—not only for AI technologists but for society.

Building upon its long track record of working with the private and public sectors and its history of reliable and practical measurement and standards-oriented solutions, NIST seeks research collaborators who can support this vital undertaking. Specifically, NIST looks to

- Create a convening space for collaborators to have an informed dialogue and enable sharing of information and knowledge
- Engage in collaborative research and development through shared projects
- Enable assessment and evaluation of test systems and prototypes to inform future AI measurement efforts

To create a lasting approach for continued joint research and development, NIST will engage stakeholders via this consortium. The

work of the consortium will be open and transparent and provide a hub for interested parties to work together in building and maturing a measurement science for Trustworthy and Responsible AI. Consortium members will be expected to contribute:

- Technical expertise in one or more of the following areas
- Data and data documentation
- AI Metrology
- AI Governance
- AI Safety
- Trustworthy AI
- Responsible AI
- AI system design and development
- AI system deployment
- AI Red Teaming
- Human-AI Teaming and Interaction
- Test, Evaluation, Validation and Verification methodologies
- Socio-technical methodologies
- AI Fairness
- AI Explainability and Interpretability
- Workforce skills
- Psychometrics
- Economic analysis
- Models, data and/or products to support and demonstrate pathways to enable safe and trustworthy artificial intelligence (AI) systems through the AI risk management framework
- Infrastructure support for consortium projects
- Facility space and handling of hosting consortium researchers, workshops and conferences

This project is in service of the priorities and taskings defined in The Safe, Secure, and Trustworthy Development and Use of Artificial Intelligence Executive Order. Additionally, some of the outcomes of this project will be in support of research and development to advance the AI RMF roadmap (<https://www.nist.gov/itl/ai-risk-management-framework/roadmap-nist-artificial-intelligence-risk-management-framework-ai>). The consortium will be responsible for an array of efforts related to safe and trustworthy AI, including to:

1. Develop new guidelines, tools, methods, protocols and best practices to facilitate the evolution of industry standards for developing or deploying AI in safe, secure, and trustworthy ways
2. Develop guidance and benchmarks for identifying and evaluating AI capabilities, with a focus on capabilities that could potentially cause harm
3. Develop approaches to incorporate secure-development practices for generative AI, including special considerations for dual-use foundation models, including
 - a. guidance related to assessing and managing the safety, security, and

trustworthiness of models and related to privacy-preserving machine learning;

- b. guidance to ensure the availability of testing environments

4. Develop and ensure the availability of testing environments

5. Develop guidance, methods, skills and practices for successful red-teaming and privacy-preserving machine learning

6. Develop guidance and tools for authenticating digital content

7. Develop guidance and criteria for AI workforce skills, including risk identification and management, test, evaluation, validation, and verification (TEVV), and domain-specific expertise

8. Explore the complexities at the intersection of society and technology, including the science of how humans make sense of and engage with AI in different contexts

9. Develop guidance for understanding and managing the interdependencies between and among AI actors along the lifecycle

Requirements for Letters of Interest:

Each responding organization's letter of interest should include the address, point of contact, and following information:

1. The role(s) the organization will play in the consortium efforts.
2. The specific expertise will they intend to bring to the consortium.
3. The products, services, data, or other technical capabilities will they use in consortium activities.

Letters of interest should not include proprietary information. NIST will not treat any information provided in response to this notice as proprietary information.

NIST cannot guarantee that all submissions will be utilized, or the products proposed by respondents will be used in consortium activities. Each prospective participant will be expected to work collaboratively with NIST staff and other project participants under the terms of the consortium CRADA.

(Authority: 15 U.S.C. 3710a, 15 U.S.C. 278h–1, and 15 U.S.C. 272b and 272c)

Alicia Chambers,

NIST Executive Secretariat.

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CONSUMER FINANCIAL PROTECTION BUREAU

Consumer Credit Card Market Report, 2023

AGENCY: Consumer Financial Protection Bureau.

ACTION: Consumer credit card market report.

SUMMARY: The Consumer Financial Protection Bureau (CFPB or Bureau) is issuing its sixth biennial Consumer Credit Card Market Report to Congress. The report reviews developments in this consumer market since the CFPB's most recent biennial report on the same subject in 2021.

DATES: The CFPB released the 2023 Consumer Credit Card Market Report on its website on October 25, 2023.

FOR FURTHER INFORMATION CONTACT: Wei Zhang, Deputy Assistant Director, Consumer Credit, Payments, and Deposits Markets, Division of Research, Monitoring, and Regulations at ((202) 435-7700 or wei.zhang@cfpb.gov), or Margaret Seikel, Financial Analyst, Division of Research, Monitoring, and Regulations (margaret.seikel@cfpb.gov). If you require this document in an alternative electronic format, please contact CFPB_Accessibility@cfpb.gov.

SUPPLEMENTARY INFORMATION:

1.1 Background

In 2009, Congress passed the Credit Card Accountability Responsibility and Disclosure Act of 2009 (CARD Act or Act).¹ The Act made substantial changes to the credit card market. The CARD Act mandated new disclosures and underwriting standards, curbed certain fees, and restricted interest rate increases on existing balances. Among the CARD Act's many provisions was a requirement that the Board of Governors of the Federal Reserve System (Board) report every two years on the state of the consumer credit card market. With the passage of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) in 2010, that requirement transferred to the CFPB alongside broader responsibility for administering most of the CARD Act's provisions. This is the sixth report published pursuant to that obligation, building on prior reports published by the CFPB in 2013, 2015, 2017, 2019, and 2021.²

¹ The Act superseded a number of earlier regulations that had been finalized, but had not yet become effective, by the Office of Thrift Supervision (OTS), the National Credit Union Administration (NCUA), and the Board of Governors of the Federal Reserve System (Board). Those earlier rules were announced in December of 2008 and published in the *Federal Register* the following month. See 74 FR 5244 (Jan. 29, 2009); 74 FR 5498 (Jan. 29, 2009). The rules were withdrawn in light of the CARD Act. See 75 FR 7657, 75 FR 7925 (Feb. 22, 2010).

² See CFPB, *Card Act Report* (Oct. 1, 2013) (2013 Report), http://files.consumerfinance.gov/f/201309_cfpb_card-act-report.pdf; CFPB, *The Consumer Credit Card Market* (Dec. 2015) (2015 Report),

1.2 Publication

In addition to being delivered to Congress, the full report is available to the public on the CFPB's website at https://files.consumerfinance.gov/f/documents/cfpb_consumer-credit-card-market-report_2023.pdf.

1.3 Summary of Report

The full 2023 report reviews the state of the consumer credit card market as of the end of 2022. In addition to mandating the CFPB's biennial review and report on the market, the Act also requires the CFPB to "solicit comment from consumers, credit card issuers, and other interested parties" in connection with its review.³ As in past years, the CFPB has done so through a Request for Information (RFI) published in the *Federal Register*, and the CFPB discusses specific evidence or arguments provided by commenters throughout the report.⁴

This study represents the CFPB's sixth biennial report on the state of the consumer credit card market and continues the approach of the CFPB's previous reports. The CFPB revisits similar baseline indicators to track key market developments and consumer risks as well as the adequacy of consumer protections. Throughout this report, we continue to examine trends by card type and credit score tier, but further segment consumers with the highest scores into two new groups, prime plus (720 to 799) and superprime (800 and above). In a new section, this report examines the market dynamics, concentration, and profitability of the credit card industry in detail, complementing other regulators' examination of the safety and soundness of card issuers. We explore new topics that have become more important as the market continues to evolve. For

https://files.consumerfinance.gov/f/201512_cfpb_report-the-consumer-credit-card-market.pdf; CFPB, *The Consumer Credit Card Market* (Dec. 2017) (2017 Report), https://files.consumerfinance.gov/f/documents/cfpb_consumer-credit-card-market-report_2017.pdf; CFPB, *The Consumer Credit Card Market* (Aug. 2019) (2019 Report), https://files.consumerfinance.gov/f/documents/cfpb_consumer-credit-card-market-report_2019.pdf; CFPB, *The Consumer Credit Card Market* (Sept. 2021) (2021 Report), https://files.consumerfinance.gov/f/documents/cfpb_consumer-credit-card-market-report_2021.pdf. The Bureau also held a conference in 2011 in which numerous market stakeholders contributed information and perspective on developments in the credit card market. See Press Release, Bureau of Consumer Fin. Prot., *CFPB Launches Public Inquiry on the Impact of the Card Act* (Dec. 19, 2012), <https://www.consumerfinance.gov/about-us/newsroom/consumer-financial-protection-bureau-launches-public-inquiry-on-the-impact-of-the-card-act>.

³ 15 U.S.C. 1616(b) (2012).

⁴ RFI Regarding Consumer Credit Card Market, 88 FR 5313 (Jan. 27, 2022).

example, the current report explores the prevalence and cost of installment plan features and the dollar value of credit card rewards. Additionally, we discuss issuer practices related to dispute resolution, minimum payments, and servicemember rate reductions.

Use of Credit

- *Use of credit:* Credit card debt at the end of 2022 surpassed \$1 trillion for the first time in our data, but total outstandings remain below pre-pandemic levels when adjusted for inflation. Spending grew to new highs of \$846 billion in the fourth quarter of 2022. At the same time, total payments rose, and cardholders paid significantly more of their monthly balances with a greater share of accounts entirely paid off each month. Delinquency and charge-off rates in 2022 were at lower levels than 2019 but increasing, presumably rising with the expiration of COVID-19 related financial relief.

- *Overall market size and structure:*

Nearly 4,000 issuers, together with dozens of co-brand merchant partners and four major networks, provide cards to over 190 million consumers. The top ten credit card issuers still represent over four-fifths of consumer credit card loans, but the next 20 biggest issuers' market share has grown since 2016.

- *Competition and profitability:* For companies involved in credit card issuance, servicing, and debt collection, the industry remains profitable. Issuers' profitability fell in 2020 but spiked in 2021 and remained at or above 2019-levels in 2022 with an average return on assets of six percent for general purpose cards and two percent on private label portfolios. Point-of-sale; Buy Now, Pay Later (BNPL); and fintech personal loans as well as "pay-by-bank" options increasingly compete with traditional credit cards for purchase volume and balances.

- *Cost of credit:* By some measures, credit cards have never been this expensive, as issuers charged more than \$130 billion in interest and fees in 2022 alone. By the end of 2022, interest and fees as an annualized percentage of balances, or the total cost of credit, was almost 18 percent on general purpose cards and over 21 percent on private label accounts. Many cardholders with subprime scores are now paying 30 to 40 cents in interest and fees per dollar borrowed each year. Federal Reserve rate increases triggered upward repricing on most general purpose cards, and issuers continue to price well above the prime rate, with an average annual percentage rate (APR) margin of 15.4 percentage points. Fee volume now exceeds pre-pandemic levels. Annual

fees grew in 2021 and 2022, while late fees returned to 2019 levels at \$14.5 billion as did the cardholder cost of balance transfers and cash advances.

- **Rewards:** The dollar value of rewards earned by general purpose cardholders exceeded \$40 billion for mass market issuers in 2022. Transacting accounts, or those where the cardholder pays the full statement balance each month, are increasingly benefitting from credit card use. But, when a consumer revolves a balance on their credit card, the cost of interest and fees almost always exceeds the value of rewards the consumer may have earned. Cardholders' rewards redemptions have increased, but consumers still forfeit hundreds of millions of dollars in rewards value each year.

- **New features and products:** Installment plan features which permit cardholders to convert a credit card purchase to a lower-cost, fixed-rate loan comprise a small but growing segment of the market designed to compete with BNPL. These issuer plans often offer lower finance charges than on revolving debt, but consumers may struggle to make higher monthly payments. "Credit card-as-a-service" platforms from fintechs to traditional banks have streamlined co-brand partnerships to improve user experience and offer novel rewards with smaller retailers. Some issuers are now approving consumers with only soft inquiries on consumers' credit reports; others are underwriting consumers without credit scores using new datasets and modeling techniques outside the traditional credit reporting system. Issuers are providing cardholders with more flexible repayment terms and new payment options, including through a growing number of digital wallets.

- **Persistent debt:** With the average minimum payment due increasing to over \$100 on revolving general purpose accounts in 2022, more users are incurring late fees and facing higher costs on growing debt. We find one in ten general purpose accounts are charged more in interest and fees than they pay toward the principal each year, indicating a pattern of persistent indebtedness that could become increasingly difficult for some consumers to escape. Public relief programs in 2020 and 2021 enabled some consumers to pay down credit card balances, but the number of cardholders facing persistent debt has begun to climb.

- **Availability of credit:** Most measures of credit card availability grew in 2021 and 2022 after a sharp decrease in access during 2020. Application volume for general purpose credit cards

reached a new peak in 2022, as issuers increased acquisition efforts and consumer demand grew. For retail cards, in contrast, application volume fell from 2020 to 2022. Approval rates more than rebounded for all card types. The recent upticks in marketing, applications, and approvals led to significant growth in credit card originations in 2021 with even more activity in 2022. Consumers with below-prime scores opened more than 80 million new credit card accounts in 2021 and 2022 combined compared to 63 million over the two year period from 2019 through 2020. Total credit line across all consumer credit cards increased to over \$5 trillion in 2022 but remained below 2017 levels in real terms. After declining in 2020, issuers initiated credit line increases more frequently in 2021 and 2022 than they did prior to the pandemic but decreased lines or closed accounts at rates similar to those seen over the past decade.

- **Disputes:** Credit card disputes spiked with pandemic-related cancellations and supply chain issues in mid-2020, declined in 2021, but then rose in 2022 as spending grew. Disputed transaction volume for mass market issuers was up 50 percent from 2019 levels to almost \$10 billion in 2022, and chargebacks increased more than 80 percent from \$3.2 billion to \$5.9 billion.

- **Account servicing:** Cardholders increasingly use and service their cards through digital portals, including those accessed via mobile devices. Three in four general purpose account holders are now enrolled in issuers' mobile apps, and adoption is increasing, notably for those under 65. The use of automatic payments has likewise continued to climb. New artificial intelligence (AI)/machine learning (ML) technologies are changing how providers service accounts, but concerns regarding the use and sharing of consumer data remain significant, particularly among older cardholders.

- **Debt collection:** Compared to prior surveys, the use of email in collections continued to increase in 2022, with consumers opening about one-third of messages. Issuers seemed to leverage the text messaging (or SMS) channel significantly more in 2022 than in prior years with a relatively low opt-out rate at 1.3 percent. New enrollments in loss mitigation programs and total inventory in those programs declined. Post-charge-off settlements fell significantly from their previous peaks during the pandemic. All issuers who sold debt reported deleting the charged-off tradelines from credit reports upon sale, potentially resulting in an incomplete view of consumers' debt burden,

likelihood of default, and history in the credit reporting system.

Throughout this report, we highlight potential areas of concern in the consumer credit card market. Given rising balances and credit costs, more cardholders may struggle to pay their credit card bill on time, especially with amounts past-due, overlimit, or under an installment plan added to the minimum payment due. As such, the CFPB will continue to monitor assessments of late fees, reliance upon penalty repricing, and debt collection practices, alongside the disclosure of minimum payments in accordance with CARD Act requirements. Issuers' margins are increasing as they price APRs further above the prime rate, potentially signaling a lack of price competition. Instead, companies offer more generous rewards and sign-up bonuses to win new accounts, largely benefitting those with higher scores who pay their balances in full each month. The CFPB will explore ways to promote comparison shopping on purchase APRs—a major cost of credit cards that is often unknown to consumers prior to card issuance. We will also monitor changes in rewards value if issuers look to cut costs in response to lower revenue. We encourage new entrants—both bank and non-bank—to work on providing consumers with more transparency, better experiences, and greater access to credit, so long as they comply with existing consumer finance laws.

1.4 Current and Future CFPB Work in This Market

Over the past two years, the CFPB has been actively engaged in the credit card market and has taken measures to address regulatory uncertainty, identify compliance deficiencies, and research new, emerging technologies and products to ensure the adequacy of consumer protection and a transparent and competitive marketplace for all consumers. The CFPB is continuing to study and consider actions to address the areas of concern noted in the full report. Aside from a current rulemaking related to credit card penalty fees, however, the CFPB is not currently proposing to add or revise regulations related to the topics covered in the 2023 Consumer Credit Card Market Report.

Rohit Chopra,

Director, Consumer Financial Protection Bureau.

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