FEDERAL RESERVE
press release

For immediate release April 13, 1977

The Board of Governors of the Federal Reserve System today proposed an interpretation of Regulation Z (Truth in Lending) affecting credit card issuers which bill customers in full on a transaction-by-transaction basis and impose no finance charges.

The Board will receive comment through May 16, 1977.

Most credit cards extend open-end credit, such as the credit available with a bank credit card, or a department store card, and customers are billed, usually monthly, for their purchases. A balance may be left after the customer makes a payment. Certain credit card issuers, however, such as some automobile rental companies, require payment in full for each transaction, and send bills only when there has been a transaction. No finance charges are imposed.

The proposal would permit such credit card issuers to continue sending bills to their customers on a transaction-by-transaction basis, and would not require them to send out periodic bills. The proposal would also require such card issuers to make only such disclosures, and conform only to other requirements of Regulation Z, that are consistent with and applicable to their billing systems.

The text of the Board's proposed interpretation is attached.

# # # # # # # # # # # # #