

# U. s. citizen bank essay

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Should Ms. Jefferies submit information or withhold information to a governmental arm, even though participation is completely voluntary?

Michelle Jefferies is vice president for the Niche Credit Markets Division for US Citizen Bank.

During her tenure, the development of a college student credit card program has rapidly accelerated. At the same time the U. S.

General Accounting Office (GAO) has requested US Citizen Bank's participation and information regarding marketing strategies, credit card terms, underwriting terms specific to college student credit cards, etc. GAO is preparing a report specifically for three U. S. House of Representatives concerned about student credit card issuers on campus.

Although the GAO is promising confidentiality to companies that respond and submit information to them, Michelle must decide if submitting information and participating with the report is in the best interest of US Citizen Bank, Credit Card Companies as a whole, higher learning institutions and their students and the general public. Stakeholders. As an employee of US Citizen Bank, Michelle is concerned that participation may bring upon a heightened degree of scrutiny from lawmakers. She is also concerned that although GAO has confirmed confidentially, information may be leaked which happens all too often with the U. S. Government. If information is leaked, US Citizen Bank's strategic marketing plans and competitive data may be uncovered.

However, by not participating, if law changes are to arise stemming from the report, US Citizen Bank may have less or no say in the matter. Michelle must consider who's interests matter in this dilemma. Besides US Citizen Bank,

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other credit card companies are being asked the same information. With no participation from any of these companies, law makers may make decisions and put into law, policies that affect the overall college student credit market. With 5.4 million students enrolled as full-time students at 4-year colleges and universities in the year 2000 (Student Monitor, Financial Services, 2000), this is a very large group that may be affected. With participation from the credit card companies, changes may occur as studies have shown primarily negative affects due to college students obtaining credit cards, but they may have a chance to influence the law makers in a favorable position. College students may not know all of the risks involved in owning a credit card.

In fact, most are signing the application forms to receive a t-shirt, Frisbee or other “ free” goodies. Most probably don’t know what APR means, how it is calculated or how missed payments and compounding interest can affect you personally. Without proper education to college students, students could encounter dangerous levels of debt, to the point of filing for bankruptcy. However, credit cards are assisting students build credit, assist in emergencies and ultimately aid in funding education at times when financial aid, grants, and other means of private financing are limited or unavailable.

If college students are unable to obtain credit cards until they turn the age of 21 or until they have a full time job, some students may not be able to continue their studies. Besides the student body, the actual institutions are profiting from these credit companies in several instances. Private agreements with credit card companies, allowing them on campuses, fund

shortfalls in public funding but is also promoting credit card marketing to college students.

With the U. S. being credit happy, the general public should be concerned about another large population of the U. S. obtaining unsecured credit/debt. The general public can be thought of as the parents of these college students who ultimately may have to deal with debt issues, lawmakers who feel the need to protect consumers and regulate business, and the average Joe who knows that a country of all debt is not a good thing for the overall economy of the nation.

Analysis: While Michelle is contemplating the proper action on her part regarding the GAO report, she should consider all parties. Although the college student credit niche is a very profitable arm of US Citizen Bank and probably other credit companies, she should ask if they are approaching it the right way. Similar to R. J Reynolds's Joe Camel targeting younger generations, is marketing at a college with free handouts for application completion the "right" thing to do, are they providing enough education, are underwriting procedures proper, are interest rates in check, and should public institutions profit from agreements with companies such as US Citizen Bank. Many college students may need a credit card and are trying to build their credit, supplement financial aid to get them by, and use in emergencies only. By Michelle, not participating in the GAO report, the interests of the college students may not be heard and laws placed in effect that limit their ability or right to obtain credit. However, by participating, the general public's concerns about growing debt and careless use of credit cards may

be curbed slightly while having an impact on it. Position: Michelle is concerned about information being leaked and losing a competitive edge on the market by participating in the GAO report, but by not participating it would be much more detrimental for US Citizen Bank and other affected parties in the long term.

Short term gains may be realized as the report by the GAO is prepared, but once the report is public and lawmakers consider the consequences, changes to the college credit market are most likely to occur. Since participation is voluntary, it is not technically wrong of Michelle and US Citizen Bank to throw the GAO requests in the garbage. However, every household has a duty to fill out the census report once every ten years; Michelle has a duty to respond to the GAO requests in a similar manner. Responding to the GAO will take into account her consumer's interests and US Citizen Bank's interests and provide a positive light on the situation. For example, in responding to questions about educational efforts she can highlight everything US Citizen Bank provides, including additional efforts that are in the works or in regards to agreements with universities should state the importance of these and provide data for what these profits fund such as credit counseling. Per John Pilpot Curran " Evil prospers when good men do nothing. " In this case, evil may be unfavorable changes to the credit market, college students that need credit unable to obtain, continued overall debt issues and of course good men would be Michelle and US Citizen Bank. By doing nothing and not responding, nothing good can come from it, while being a virtuous person and company, they can make a potential bad situation a good one.

This is especially important in a time when Sixty Minutes is going to run a story on student card issuers, there is a potential that information is leaked to Andy Rooney that US Citizen Bank chose not to participate in a current report being prepared by the GAO. No participation may have a larger negative impact than participating and risk losing some market advantages. Michelle should keep her managerial staff up to date as to what the current situation is, including newly requested information from the GAO and the Sixty Minutes story. While preparing the response document in a US Citizen Bank favorable yet completely honest " slant", provide weekly updates for comments and suggestions.

At this point Michelle will have sold her superiors on participating in the GAO report and the only real challenge on their part is to provide the information in a true and correct way that positions US Citizen Bank and all stakeholders for success in the future.